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336

Wednesday,
2nd December, 1953

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

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THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

HOUSE OF THE PEOPLE

Wednesday, 2nd December, 1953.

The House met at Half Past One of the Clock.

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS.

SAMPLE SURVEY OF UNEMPLOYMENT

*501. **Shri S. N. Das:** Will the Minister of **Planning** be pleased to state:

(a) whether progress has been made in the work of Sample Survey of unemployment undertaken at different places in the country;

(b) if so, what; and

(c) what is the number of persons that have been engaged to carry out this work in different fields?

The Minister of Planning and Irrigation and Power (Shri Nanda): (a) Yes.

(b) The field survey work *i.e.* the collection of preliminary data in the prescribed schedules, entrusted to this Directorate, was conducted in different places and has since been completed. The filled-in-schedules have been sent to the Indian Statistical Institute, Calcutta for analysis and compilation of the results of the survey.

(c) A total number of 204 investigators of this Directorate were put on this job. Their work was supervised by the Superintendents, who are usually assisted by Assistant Superintendents and Inspectors, working under them.

Shri S. N. Das: May I know, Sir, whether the persons appointed for this work were recruited specially for this purpose or they were taken from some department?

Shri Nanda: Whatever the source, they were properly trained and prepared for this work

Shri S. N. Das: May I know, Sir, whether any Indian expert was associated with this work or whether it was carried on by officials?

Shri Nanda: It was under expert direction that the whole of this work was done.

Shrimati Renu Chakravartty: May I know, Sir, from the first results that have been received which category of classes has the highest percentage of unemployment in the area surveyed in West Bengal?

Shri Nanda: I did not follow the question.

Mr. Speaker: Which class has the highest percentage of unemployment so far as the survey is concerned?

Shri Nanda: The results have not been tabulated yet.

Shri T. K. Chaudhuri: Is there any proposal to compute the total volume of unemployment in the country from the available data—census reports, sample surveys etc.?

Shri Nanda: Yes, a number of inquiries and surveys are in progress and as soon as the results are available, a general assessment will be made.

Shri S. N. Mishra: May I know, Sir, whether any survey of the rural employment situation has also been undertaken?

Shri Nanda: Yes, Sir. The seventh round of the National sample survey includes a survey of rural unemployment also.

INDO-PAKISTAN NEGOTIATIONS

***502. Shri S. N. Das:** Will the **Prime Minister** be pleased to state:

(a) whether negotiations with the Government of Pakistan with regard to exchange of enclaves, border trade, freedom of movement and other outstanding Eastern Zone problems have been concluded;

(b) if so, whether any definite conclusions have been reached; and

(c) if so, what are they?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) to (c). An Indo-Pakistan Conference at the official level was held in Calcutta from the 30th September to the 3rd October 1953 to consider these problems. The Conference reached agreement on some of the items discussed. In regard to the other items, it will be necessary to have further consultations.

The decisions reached at the Conference were subject to ratification by the two Governments. The Government of India has ratified them. The ratification of the Government of Pakistan is still awaited. As soon as it is received, an agreed joint communique will be issued simultaneously by the two Governments. A copy of the communique will then be placed on the Table of the House.

Shri S. N. Das: May I know, Sir, whether some political happenings in India have hampered the progress of the negotiations, and the conclusions that were arrived at at the conference have been delayed in ratification?

Shri Sadath Ali Khan: We are not aware of any such thing.

Shri S. N. Das: May I know, Sir, what are the reasons for so much time being taken by the Government of Pakistan to give effect to the exchange of enclaves when this was agreed to by the Prime Ministers of both countries?

The Prime Minister (Shri Jawaharlal Nehru): The principle is accepted by both the countries. But the details were not agreed to. There has been no agreement in regard to those details.

Shri Barman: May I know, Sir, whether any agreement has been reached about the enclaves, and if not, what are the points of disagreement in this respect?

Shri Jawaharlal Nehru: I have just stated that an agreement that the enclaves should be exchangd was arrived at in principle. But on what terms, that is to say, whether there should be any land compensation to the side which gives more land or whether there should be any other type of compensation—those questions remain to be settled.

Shri S. N. Das: May I know, Sir, whether at the conference that was held at Calcutta the terms and conditions of exchange were finalised?

Shri Jawaharlal Nehru: No.

Shri Sarangadhar Das *rose*—

Mr. Speaker: We will go to the next question.

INDUSTRIAL HOUSING

***503. Shri S. N. Das:** Will the Minister of **Works, Housing and Supply** be pleased to state what progress has been made in the various States towards the construction of houses for industrial workers under the scheme initiated by the Central Government?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): A statement showing the number of tenements so far constructed or at present under construction for industrial workers in different towns under

Central Government schemes is placed on the Table of the House. [*See* Appendix III, annexure No. 10.]

Shri S. N. Das: May I know, Sir, whether in giving effect to this scheme any difficulties have been experienced which require some measures to be taken by Parliament for expediting the scheme?

Sardar Swaran Singh: No, Sir.

सेठ अचल सिंह : क्या मंत्री महोदय बतलाने की कृपा करेंगे कि उत्तर प्रदेश में आगरे में इंडस्ट्रियल वर्कर्स के वास्ते कोई स्कीम जारी है ?

Sardar Swaran Singh: I have placed the entire statement on the Table of the House and if the hon. Member looks at the relevant entry, he will get the reply.

Shri Nanadas: May I know, Sir, on what principles the grants are given to various States and various industries?

Sardar Swaran Singh: According to the requirements of the various States and industries.

Shri T. S. A. Chettiar: The scheme is partly by way of subsidy and partly by way of loan. May I know whether the interest of 4½ per cent that is being charged on the loan amount has been felt to be too much?

Sardar Swaran Singh: I do not know if there is any such feeling, but this is the maximum concession that could be granted.

Sardar Hukam Singh: May I know whether voluntary effort in the field of industrial housing has yielded satisfactory results? Millowners and other industrialists were asked to put up houses by themselves. May I know whether there has been a considerable number of houses put up that way?

Sardar Swaran Singh: If the question is regarding housing outside the scheme, I do not have information. But in the statement that I have given, an indication has been given with regard to the schemes that have been undertaken by the employers themselves. And from these figures it appears that the response has been quite encouraging.

Shri Punnoose *rose*—

Mr. Speaker: I am going to the next question.

REPORT OF MR. MARTINUZZI

*504. **Shri S. N. Mishra:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to starred question No. 50 asked on the 4th August, 1953 and state:

(a) whether the report of Mr. Martinuzzi, a representative of Messrs MACY Departmental Stores, on the Cottage Industries products and handicrafts goods in India, has been received by Government; and

(b) if so, what are his main recommendations?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) No, Sir. It was not expected that Mr. Martinuzzi should submit a report.

(b) Does not arise.

Shri S. N. Mishra: May I know, Sir, how many foreign experts have been examining our cottage industries and handicrafts?

Shri T. T. Krishnamachari: I cannot understand the basis of this question. The question related to one Mr. Martinuzzi. He came here in connection with a survey of our cottage industries so that we could have an agreement with his firm for marketing our products. But I cannot say how many foreign experts have been surveying our cottage industries in this connection.

Shri S. N. Mishra: What I want to know is, how many foreign experts have been examining our cottage industries and handicrafts at the invitation of the Government. Government ought to be able to say that.

Shri T. T. Krishnamachari: Again, Sir, I am at a loss to understand the exact import of the question. This particular gentleman came in regard to a possible business agreement. If the hon. Member is referring to the Ford Foundation, it is a different matter altogether. But barring these, I cannot think of anybody else.

Shrimati Renu Chakravartty: Is it a fact that the reason why the American dealers cannot take cottage industry goods from here is because we do not have a regular supply of them?

Shri T. T. Krishnamachari: That is one of the factors, Sir.

Shri S. N. Mishra: May I know whether these experts, Mr. Martinuzzi and others, have been here at the request of the Cottage Industry and Handicrafts Boards?

Shri T. T. Krishnamachari: Mr. Martinuzzi is not an expert. He is merely the Manager of a big Departmental Stores in U. S. A. He had come here at our request so that we can discuss with him the possibilities of business.

If I may amplify my answer, Sir, I would like to say that after having surveyed the position here, he selected certain samples and felt that those samples should be tested in the Paris market. The samples were sent to Paris and an exhibition was arranged. I may inform the hon. Members that that exhibition has been successful. He has asked for yet further samples to be sent to America. We do expect something to come out of all these negotiations because Paris seems to have approved of these samples. If they get a favourable reception in America, then we will have to discuss with him how to market the products, whether any experts should be brought out and how much money we have to spend and so on.

INDIAN FERTILIZER MISSION

***505. Shri S. N. Mishra:** Will the Minister of Production be pleased to state:

(a) whether the report of the Indian Fertilizer Mission on the manufacture of Urea and Ammonium Nitrate in various countries has been considered by Government;

(b) if so, the steps proposed to be taken; and

(c) whether the recommendations regarding marketing abroad are proposed to be implemented?

The Minister of Production (Shri K. C. Reddy): (a) and (b). As I said in reply to starred question No. 31 by Shri K C. Sodia on the 16th November 1953, the Mission's report has been considered by Government, and in accordance with the Mission's recommendations, tenders for the manufacture of Urea and Ammonium Nitrate have been invited.

(c) No recommendations have been made by the Mission with regard to the marketing of fertilizers abroad.

Shri S. N. Mishra: May I know what additional investment would be required for the manufacture of these products?

Shri K. C. Reddy: It is very difficult to give a correct estimate. Even the Mission itself did not feel called upon to give firm estimate as regards this matter. The actual cost that will have to be incurred will have to be determined after the tenders that we have called for for alternative schemes have been received. It is only then that we will be in a position to say what capital will be required for financing these projects.

Shri S. N. Mishra: May I know whether because of the manufacture of these products, there would be a lowering of the price of the fertilisers?

Shri K. C. Reddy: The fertilisers that have been recommended to be produced in this country by this Technical Mission are not being produced now. They will be manufactured for the first time in our country if this project comes into operation. We cannot really compare the costs at present with what the costs would be when the plant goes into production.

Shri S. N. Mishra: Sir, my question is whether because of this additional production there would be any lowering of the prices of the fertilisers.

Shri K. C. Reddy: The question is very general. The prices of what fertilisers? If the hon. Member refers to ammonium sulphate, the fertiliser that is now manufactured at Sindri, the answer is, 'No'. But as regards comparison with the cost of other fertilisers that could be manufactured when the plant goes into operation, we cannot really compare the costs at present with what it will cost when the others that are not now being manufactured are manufactured.

Shri N. M. Lingam: May I know whether the quantity recommended by the Commission for the manufacture of urea and ammonium nitrate represents the internal requirements of the country or the installed capacity of the plants for utilising waste gases in Sindri?

Shri K. C. Reddy: The Commission have recommended plants capable of a daily production of either 35 tons of urea and 180 tons of ammonium nitrate or in the alternative 70 tons of urea and 110 tons of ammonium nitrate. We cannot say at present what would be the actual requirements of the country during the next few years for these fertilisers. In fact, an organised drive has to be initiated in order to popularise their use so that there could be enough demand for the fertilisers that could be manufactured if and when the plant goes into operation.

REGIONAL STORES PURCHASE COMMITTEE

*506. **Shri S. N. Mishra:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) the extent to which the recommendations of the Regional Stores Purchase Committee set up in November, 1952, are going to be implemented; and

(b) whether Government have examined the replies to the questionnaire issued to about 50 firms by the Stores Purchase Committee?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) I place on the Table of the House a statement showing the extent to which the recommendations made by the Regional Stores Purchase Committee, London and Washington, have so far been implemented by Government. [*See* Appendix III, annexure No. 11.]

(b) Presumably the Member is referring to the Questionnaire sent by the Stores Purchase Committee to representative Trade Associations and Chambers of Commerce—not to individual firms. Replies received are at present under the consideration of the Stores Purchase Committee and its final recommendations when received will be examined by Government.

REHABILITATION LOANS

*507. **Dr. Ram Subhag Singh:** Will the Minister of Rehabilitation be pleased to state:

(a) whether the Government of India have granted any rehabilitation loan to the Government of Bihar during the current financial year; and

(b) if so, the total amount of that loan?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) Rs. 9,37,000.

Dr. Ram Subhag Singh: Has this loan been granted to the Government of Bihar for constructing houses or for any other business?

Shri J. K. Bhonsle: Sir, they have been granted for rural and urban housing and also for business.

Dr. Ram Subhag Singh: How much of this amount has been sanctioned for urban housing and how much for rural housing? What part of that amount has already been expended?

Shri J. K. Bhonsle: Sir, I could not catch the latter part of the question.

Mr. Speaker: What part of the amount has been already expended?

Shri J. K. Bhonsle: Sir, for rural housing Rs. 65,000 and for urban housing Rs. 2,27,140. I am afraid I cannot answer the latter part of the question.

Dr. Ram Subhag Singh: What about the rest; for rural housing only about Rs. 65,000 and for urban housing Rs. 2,27,140 have been spent but the total amount as mentioned by him is Rs. 9 lakhs and odd.

Mr. Speaker: The question was how much was expended and he has given the figures of what was expended.

Dr. Ram Subhag Singh: The figure given is for the sanctioned amount and not for expenditure.

Mr. Speaker: I think he has given the figures for expenditure.

Shrimati Renu Chakravartty: What is happening to the rest of it; is it that there are outstanding demands that have not been paid or is it going to lapse?

Shri J. K. Bhonsle: We only sanction the demands made by the States Governments as and when they require. After that it is a matter for the State Governments.

Dr. Ram Subhag Singh: May I know, Sir............

Mr. Speaker: I think these questions are now in the nature of fishing for something.

OIL REFINERIES

***508. Dr. Ram Subhag Singh:** Will the Minister of **Production** be pleased to state:

(a) whether a representation has been made to Government for affording opportunities to Indian investing public to participate in the ordinary capital of the three foreign oil companies for setting up the three oil refineries in India; and

(b) if so, whether any step has been taken in that regard?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

(b) The representation is under consideration.

Dr. Ram Subhag Singh: On what ground was the Indian investing public not originally allowed any opportunity to participate in the capital of the foreign company?

Shri K. C. Reddy: I have already placed, Sir, on the Table of the House the text of the agreements entered into between the Government and the oil refineries. According to those agreements, it will be seen that there was no opportunity for Indians to invest in the ordinary share capital of this Company. This was obviously discussed at great length when the agreements were finalised and one of the stipulations of the refinery Companies was that the investment, so far as the ordinary capital was concerned, should be left entirely to them. The Government, after having examined the whole case, agreed to that stipulation and as such we find that according to those agreements there is no scope for Indian investment in the ordinary capital of those Companies.

Dr. Ram Subhag Singh: He has not given any ground as to why they were originally unable to participate in the ordinary capital. That is not clear.

Shri K. C. Reddy: The reason is this, Sir. We found that if we insisted on Indians participating in ordinary share capital of the Company, there was no chance of the agreement being concluded. It was a question of getting the agreement finalised or dropping the matter.

Dr. Ram Subhag Singh: Can it be presumed from the reply of the hon. Minister that it was because of the fear of the foreign investors that the Government of India did not insist on allowing the Indian public to participate in the capital investment?

Shri K. C. Reddy: It was not a question of fear or anything of the kind, Sir. We wanted oil refineries to be established in our country for various important reasons. We entered into negotiations with the oil refinery Companies. They put forward certain terms and conditions on which alone they would be in a position to enter into agreements with us for the establishment of these oil refineries. We had to consider their offers and their conditions and see what could be accepted and what we could not accept. More than this, I am afraid, I am not in a position to say.

Shri Sarangadhar Das: Are we to understand that the agreement was dictated to by the other Company?

Shri K. C. Reddy: There is no question of dictation by the other Company.

Mr. Speaker: I think we are now entering into an argument.

Shri K. C. Reddy: It is for the Government of India......

Mr. Speaker: Order, order. I think his answer is very clear on the point.

Shri K. C. Reddy: I will answer it, Sir. It was not dictated by the oil refinery Companies. There were several offers of various kinds. They were all examined from time to time and it was only after an elaborate and prolonged discussion of all these offers that the final agreement was arrived at.

The Prime Minister (Shri Jawaharlal Nehru): In fact parts of them were not accepted and they were changed.

FERTILIZERS

*509. **Dr. Ram Subhag Singh:** (a) Will the Minister of **Production** be pleased to state whether it is a fact that the production costs of fertilizers produced at Travancore Fertilizers and Chemicals Factory and Sindri Fertilizer Factory differ greatly?

(b) If so, what are the reasons?

The Parliamentary Secretary to the Minister of Production R. G. Dubey): (a) and (b). The production costs in regard to ammonium sulphate at the two factories are different. The difference is principally accounted for by the following factors:

(1) The Travancore plant is a much smaller one than the Sindri plant, the respective rated capacities being 48,000 tons and 350,000 tons per annum.

(2) The Travancore factory utilises fire-wood for the generation of hydrogen for ammonia production whereas Sindri uses the cheaper coke.

(3) Steam at the Travancore factory is produced by the use of fuel oil which is more expensive than the coal used at Sindri.

Dr. Ram Subhag Singh: Will Government take any steps to bring in uniformity in the prices of the fertilisers produced by these two factories?

Shri R. G. Dubey: That question will be considered at a future date.

Shri T. N. Singh: May I know why the economies of large scale production are not available in the case of Sindri as against small scale production of the Travancore factory?

Mr. Speaker: Will the hon. Member repeat the question?

Shri T. N. Singh: The difference in cost has been attributed to the Travancore factory being a smaller factory. I want to know why the larger scale of production in Sindri is not giving the economy which should follow naturally, if it is a bigger concern.

The Minister of Production (Shri K. C. Reddy): The cost of the Sindri fertilizer is Rs. 285 per ton f.o.r. Sindri, while the cost of the fertilizer produced at the Travancore factory is much higher.

Mr. Speaker: He wants to know the reason.

Shri K. C. Reddy: The Travancore plant is a much smaller one and its capacity for production is much lower—it is only 48,000 tons as against 350,000 tons per annum of the Sindri plant. The cost of production will depend upon the quantum of fertilizer produced and I have given two other reasons also.

Shri A. M. Thomas: May I enquire whether the Travancore company is not experiencing great financial strain and whether that is not the reason for the higher cost of production, and may I also enquire whether Government propose to give any help to that company and if so, to what extent?

Shri R. G. Dubey: Yes, Sir, the loan is sanctioned by the Industrial Finance Corporation.

Shri Punnoose: Is it not a fact that the Travancore company has been enjoying at the hands of the Government certain concessions? For example, large areas are set apart for firewood and other things. Is it not a fact that complaints have come regarding mismanagement in this particular industry?

Shri K. C. Reddy: We have had no occasion to look into the complaints, but so far as the expansion of this company and financial help are concerned, certain proposals have been made by the company and now these are under the consideration of the Ministry of Commerce and Industry.

THE INDIAN CO-OPERATIVE UNION

*511. **Shri V. P. Nayar:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether it is a fact that an amount of rupees two lakhs or so has been given by the Government as grant or loan to an institution called the Indian Co-operative Union?

(b) What is the paid-up share capital of the Co-operative Union and who are the office bearers?

(c) What was the basis of giving the above sum and for what purpose has the sum been given?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (c). Yes, Sir.

A loan of Rs. 1,96,000/- was given to the Union for taking over and running the Central Cottage Industries Emporium which had, till October 1952, been managed departmentally. An Agreement in this connection between Government and the Union was laid on the Table of the House in reply to Starred Question No. 1425 by Shri M. L. Agrawal on the 18th April 1953.

A loan of Rs. 2,00,000/- was granted to the Union in August, 1953, for the purchase and marketing of Kashmir handicrafts. This loan will bear an interest of 3 per cent. and is to be repaid within twelve months.

(b) Rs. 12,240/-. A statement giving the names of the members of the Board of Management of the Union is laid on the Table of the House. [*See* Appendix III, annexure No. 12.]

Shri V. P. Nayar: May I know, Sir, whether any security has been taken from the Union before this loan was sanctioned, and if so, what is the security?

Shri T. T. Krishnamachari: This is a non-profit making body. The capital, as I said, is Rs. 12,240 and obviously a security cannot be taken, but for the whole management of the Union, we have a security of the stock, which is roughly about Rs. 3 lakhs. The Union is being managed under the close supervision of the All-India Handicrafts Board, which is a Government organisation and in which Government officials are members.

Shri V. P. Nayar: May I know Sir, whether it is a fact that some officials of the Indian Co-operative Union made trips overseas to study the market conditions there?

Shri T. T. Krishnamachari: I think an office bearer of the Union did go abroad in order to assist at an exhibition.

Shir V. P. Nayar: May I know, Sir, whether in the bye-laws or rules of this Union there is any restriction on the amounts to be borrowed from any sources, and if so, whether this rule has been observed by Government in the matter of this loan grant?

Shri T. T. Krishnamachari: I will require notice for this.

Shri N. M. Lingam: May I know, Sir, the number of shareholders of the Union and the characteristics that make it an all-India Union?

Shri T. T. Krishnamachari: My hon. friend goes to the fundamentals. We have given the names of the Directors of the Union. It is a non-profit making body; it is a co-operative body and the hon. Members knows its functions.

FINANCIAL AID TO EDUCATIONAL INSTITUTIONS

*512. **Shri D. C. Sharma:** Will the Minister of **Rehabilitation** be pleased to state:

(a) which educational institutions disrupted from Pakistan but established now in India are being considered for financial aid; and

(b) what is the amount of aid, if any, given to them?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). A statement showing the required information is placed on the Table of the House.[*See* Appendix III, annexure No. 13.]

Shri D. C. Sharma: May I know, Sir, what principle has been employed in giving the financial aid and on what basis various amounts are allotted to various institutions?

Shri J. K. Bhonsle: I will read out the several factors which we have laid down.

(1) The needs of the institution.

(2) The amount recommended by the State Government.

(3) The amount of the verified claims.

(4) The amount of financial assistance already received from the Central or State Government.

(5) Whether the institution is already in existence or recognised by the Education Department of the State Government.

(6) Proportion of the displaced students to the total number of students on the roll.

(7) Proportion of displaced teachers to the total number of teachers on the staff of the institution.

In addition, we have laid down the maximum amount that can be sanctioned. In the case of a college it is one lakh of rupees; in the case of a high school Rs. 50,000; and in the case of a middle school Rs. 15,000.

Shri D. C. Sharma: May I know, Sir, if any more applications for grant are still pending with the Ministry?

Shri J. K. Bhonsle: Yes, Sir, in the case of five institutions.

Shri D. C. Sharma: May I know, Sir, how long it will take the Ministry to decide this?

Shri J. K. Bhonsle: As soon as we get the information from the institution concerned.

EXPORT OF WOOL

*513. **Shri K. P. Sinha:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether Government propose to call a conference to discuss the subject of export of wool?

(b) If so, who are expected to attend the Conference?

(c) What will be the main functions of this Conference?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) to (c). A statement is placed on the Table of the House. [*See* Appendix III, annexure No.14.]

Shri K. P. Sinha: May I know, Sir, if any decision was arrived at in respect of quality control?

Shri T. T. Krishnamachari: We did not discuss quality control at this conference.

Pandit D. N. Tiwary: What is the amount of wool exported from this country?

Shri T. T. Krishnamachari: It varies from year to year. Sometimes it has gone up to 36 million pounds and sometimes it has come down also to 16 million pounds. If the hon. Member needs the information in regard to tentative decisions arrived at at this conference, I can tell him that we estimated that the amount of wool that will be produced will be 50 million pounds, and Government have tentatively decided to allow 25 million pounds for export.

Shri K. P. Sinha: May I know the data on which the Government makes the estimate of the production of wool in the country?

Shri T. T. Krishnamachari: That is exactly the trouble. I had about six or seven different estimates and while all the etimates more or less agree, the traders' estimate was rather on the high side. The traders first estimated 58 million lbs and then they took it up to 74 million lbs. Generally, the other estimates are bordering between 47 million lbs and 50 million lbs. We have to arrive at some *ad hoc* figure. That is why the decision reached in regard to the quantum that would be exported is taken tentatively.

Shri Bhagwat Jha: My question No. 536 may be taken along with question No. 514.

Mr. Speaker: Is it convenient?

Shri T. T. Krishnamachari: Yes, Sir.

LICENSING COMMITTEE

*514. **Ch. Raghubir Singh:** (a) Will the Minister of **Commerce and Industry** be pleased to state who were the members of the Licensing Committee?

(b) What is the basis on which the Committee rejects applications?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) This is an official Committee consisting of representatives of the Ministries of Commerce and Industry Railways. Finance (Department of Economic Affairs) and Production and of the Planning Commission. Representatives of other Ministries and of the State Governments are co-opted, whenever necessary.

(b) Rejections are generally for one or more of the following reasons—

(i) The scheme proposed is not in accordance with the policy of the Government in respect of the industry concerned.

(ii) Existence of unduly excessive capacity in the country in the industry.

(iii) Unsuitability of the location proposed either on account of:—

(a) difficulties in the transport of raw materials and finished goods, and/or,

(b) supply of raw materials.

LICENSING COMMITTEE

***536. Shri Bhagwat Jha:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether the recommendations of the Licensing Committee set up under the Industries (Development and Regulation) Act, 1951, have been accepted by Government?

(b) How many cases of Licensing of the establishment of new industrial undertaking or substantial expansion to new undertakings were considered by the Committee?

(c) How many cases were either rejected or were referred back for further investigations?

(d) Has the Central Advisory Council of Industries reviewed the recommendations of the Licensing Committee?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) It is difficult to answer this question as it does not relate to any specific set of recommendations. The committee meets once a month.

(b) 226.

(c) Thirty-four cases were rejected and 11 referred back for further investigation or more information.

(d) The Sub-Committee of the Central Advisory Council of Industries has reviewed the recommendations of the Licensing Committee, and submitted its report to the Central Advisory Council.

Ch. Rabhubir Singh: May I know. Sir, what was the number of applicants and how many of the applications were rejected?

Shri T. T. Krishnamachari: As I have said, in answer to part (b), 226 is the number of applications dealt with. 34 were rejected, and 11 referred back for further investigation.

Shri Bhagwat Jha: May I know, Sir. what were the decisions of this Central Advisory Council at the recommendations of the Licensing Committee, arising out of the answer to part (d)?

Shri T. T. Krishnamachari: The Central Advisory Council mainly recorded the report. In fact, the Sub-Committee generally approved all the main design, and was of the view that the Licensing Committee has discharged its obligations satisfactorily.

Shri Bhagwat Jha: May I know, in answer to part (c), how many cases were accepted by the Committee?

Shri T. T. Krishnamachari: Does the hon. Member mean the Sub-Committee?

Shri Bhagwat Jha: Yes; I want to know how many cases were accepted by the Government?

Shri T. T. Krishnamachari: I said, 226 less eleven; less thirty-four.

Mr. Speaker: No, no. He wants to know the number accepted out of those referred back.

Shri T. T. Krishnamachari: We have not dealt with any of them yet.

Shri Muniswamy: May I know, Sir, if the Minister will be pleased to tell us how many applications were received for vanaspathi and how many of them were granted, and how many of them were from the State of Madras and how many of them were rejected?

Mr. Speaker: Let him put one question—not combine them.

Shri T. T. Krishnamachari: I do not know if I could tell my hon. friend the details that he wants, but I can say that among the rejections, the largest number—ten—related to the establishment of automatic looms. Eight rejected schemes referred to bottling, ampuling and tableting of drugs in this country; nine schemes which were rejected referred to solvent extraction plants, and the remaining seven cases referred to various industries, but I do not think vanaspathi was one of them.

Shri K. K. Basu: How many of these new licences were granted to the firms with foreign capitalists and managements and investments and what is their production capacity?

Shri T. T. Krishnamachari: Our statistical bias does not proceed in that direction. I am unable to give any information on that point.

EXPERT ADVISER ON FOUNDRIES

***515. Ch. Raghubir Singh:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether it **is a** fact that under the Point Four Programme, an expert was appointed in 1952 to advise the various foundries?

(b) If so, who was that expert and what salary did he draw?

(c) What were his recommendations?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Yes, Sir.

(b) Mr. John F. Schnur. No salary was payable to him either by the Government of India or by the Foundries which utilized his services.

(c) He has not yet submitted his report.

TEAM OF EXPERTS TO CHINA

***516. Shri Raghavaiah:** (a) Will the Minister of **Irrigation and Power** be pleased to state whether it is **proposed** to send a team of experts to China to study how the river Hwangtlo has been controlled?

(b) If so, when is the team expected to leave for China?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). The proposal to send a team of experts to China to study flood problems is still in an exploratory stage.

सेठ गोविन्द दास : मैं मंत्री महोदय से जानना चाहता हूं कि यह जो विशेषज्ञों को भेजने का विचार किया जा रहा है, वे लोग केवल इसी नदी में क्या हुआ है इस पर विचार करेंगे या और भी वहां पर इस प्रकार के जो काम हुए हैं, उन सब पर विचार करेंगे?

Shri Hathi: They will study the flood problems and how to control floods.

Dr. M. M. Das: May I know whether the Government has any knowledge about the dimension and complexity— I mean, the technological and engineering difficulties in the execution of this particular scheme in China, so that it would be helpful for Indian engineers to go there and learn something?

Shri Hathi: They have some data. Further data is being collected.

CONSULATE IN PORT PENANG

***518. Shri Muniswamy:** (a) Will the **Prime Minister** be pleased to state whether it is a fact that a Consular Office has been opened in Port Penang by the Government of India?

(b) Who is going to be appointed as Consular Officer?

(c) What are the functions and activities of the Consulate?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) to (c). The Government of India have decided to post an officer to Penang and an officer who has experience of work in the Ministry of External Affairs has been selected for the appointment. He will be leaving for Penang shortly. His duties will be to issue travel documents and render other kinds of consular assistance to Indian nationals residing in his area.

Shri Muniswamy: May I know, Sir, the considerations by which such officers are appointed?

The Prime Minister (Shri Jawaharlal Nehru): Ability, competency, suitability.

Shri Muniswamy: May I know if the officer who has been appointed has got this ability, competency, etc.?

Shri Nanadas: May I know whether this officer belongs to the scheduled caste?

Mr. Speaker: Next question.

FINANCIAL RESPONSIBILITY FOR PROJECTS

***519. Shri Dabhi:** Will the Minister of **Planning** be pleased to state:

(a) whether the financial responsibility of Community Projects, Minor Irrigation Works, and Industrial Housing, which have been shown as part of the Central Government's development programme in the First Five Year Plan, has been determined;

(b) if so, the extent of the liability of the Centre and the State Government concerned with regard to each of these schemes; and

(c) the total amount of money spent on each of these schemes and the source or sources from which the money was spent?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes.

(b) and (c). A statement is placed on the Table of the House. [*See* Appendix III, annexure No. 15.]

Shri Dabhi: May I know how many schemes sent by the Bombay Government were approved by the Central Government and what amount, by way of loan, is advanced to that Government?

Shri Hathi: The amount of loan sanctioned for the Government of Bombay is Rs. 160 lakhs. I do not know the number of schemes.

Shri Dabhi: May I know for which area this amount was sanctioned?

Shri Hathi: Rs. 38·7 lakhs for Gujarat and Rs. 91 lakhs for the scarcity areas, and the remaining about Rs. 30 lakhs for non-scarcity areas.

Shri T. N. Singh: May I know what the Valuation Officer has reported in regard to the community projects work carried on so far?

Shri Hathi: This relates to the minor irrigation works which are being administered by the Ministry of Agriculture. This is not with regard to the community projects.

Shri T. N. Singh: The question relates to community projects also.

Mr. Speaker: Next question.

RICE POUNDING

***520. Shri Dabhi:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to starred question No. 488 asked on the 14th August, 1953 regarding hand pounding of rice and state:

(a) whether Government have now finished the consideration of the proposal of the All-India Khadi and Village Industries Board suggesting replacement of huller type of rice pounding, and that there should be no further increase in the number and capacity of sheller mills; and

(b) if so, whether Government have acceded to the demand of the All-India Khadi and Village Industries Board?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Not yet, Sir.

(b) Does not arise.

Shri Dabhi: May I know when the demand was communicated to the Government and how long it would take to take a decision in the matter?

Shri T. T. Krishnamachari: The communication from the All-India Khadi and Village Industries Board was received about three months back—perhaps a little more. So far as taking a decision is concerned, the problem bristles with a lot of difficulties and many other interests are involved—primarily the State Governments. And, in fact, one of the State Governments has replied to our proposals. It so happens that the representative of that State Governments who has written this reply is also a member of the All-India Khadi and Village Industries Board. He himself realises that the proposal is, at the present stage, not quite practicable.

Shri S. C. Samanta: May I know whether any rice-pounding machine operated by hand has been received by Government for their consideration?

Shri T. T. Krishnamachari: Sorry, Sir, I have to ask for notice.

Shri Heda: The question relates to two recommendations: one is about the increase in the number of sheller mills and the other is about huller type rice pounding mills. If Government is not able to take a decision in regard to one, why is not Government able to take decision in regard to the other?

Shri T. T. Krishnamachari: I would again refer the hon. Member to the Constitution under which we function. The Central Government in these matters can only act through the State Governments. So far as import of certain types of machinery is concerned, which is in my hands, I have banned their import.

Shri Dabhi: Which Government acceded to the demand?

Shri T. T. Krishnamachari: No Government has. I stated we have had a reply from one Government and I have stated the nature of the reply.

EDIBLE OILS (PRODUCTION BY MILLS)

***521. Shri Dabhi:** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to starred question No. 197 asked on the 6th August, 1953 and state:

(a) whether Government have completed the consideration of the recommendation made by the Planning Commission that "in the oil industry the policy could be adopted of developing the production of edible oils through the village industry and the production of non-edible oils through oil mills";

(b) whether Government have also completed the consideration of the recommendation of the All-India Khadi and Village Industries Board that Government should reserve for the village oil industry a portion of the edible oil seeds available in the country and to completely reserve the sesamum oilseeds for the *ghanis;* and

(c) whether Government have taken any decision in the matters referred to in parts (a) and (b) above?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). No. Sir.

(c) Does not arise.

Shri Dabhi: May I know whether Government will or will not accept the recommendation of the Planning Commission?

Shri T. T. Krishnamachari: I am afraid, Sir, things do not plan out in terms of black and white—either acceptance or rejection in a matter like this where several factors are involved. The constitutional aspect is very important. The Planning Commission has shown certain directions in which improvement can be effected in regard to employment in these industries, and these are being explored. The legal powers under which the Government of India can act are somewhat inchoate and not adequate.

Shri Dabhi: When were the recommendations of the All-India Khadi and Village Industries Board in this connection received by Government? How long will Government take to take a decision in this matter?

Shri T. T. Krishnamachari: These recommendations come now and again and cross-correspondence goes on. All these matters are about three or four months old. So far as taking a final decision on a matter like this is concerned, I am afraid it is very difficult, because, as I have said, there are factors which make it difficult for us to take a firm decision which apparently is in the mind of my hon. friend.

Shri Barman: In order to develop the production of edible oils, that is, with the same purpose which the Planning Commission has in mind, the Village Oil Industries Sub-Committee recommended about three years back certain measures to be adopted. Has Government given consideration to them or taken any steps to implement them?

Shri T. T. Krishnamachari: Again there is a certain amount of difficulty, so far as I am concerned, partly of a personal nature and partly of an administrative nature. Technically, these matters are dealt with in the Food and Agriculture Ministry. I am not even cognizant that there was a report of this nature. But I shall certainly look into it.

BELTING FACTORY

***522. Shri Tushar Chatterjea:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) what is the requirement of Belting in the country at present;

(b) what percentage of the requirement is produced by Indian-owned Belting factories;

(c) whether it is a fact that the Dunlop Rubber Factory of West Bengal has recently been given permission to produce Belting;

(d) if so, what percentage of country's total requirement is being produced by the said factory;

(e) whether any investigation has been made by the Government of India to ascertain the productive capacity of the Indian-owned Belting factories; and

(f) if so, what are the findings?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) to (f). I place on the Table of the House a statement giving the demand and capacity in respect of cotton and hair beltings, and also the demand for leather belting as estimated by the Tariff Board in 1949. No assessment of a similar kind has been made regarding rubber belting, or the capacity for leather belting. The Dunlop Rubber Factory was permitted in 1949 to produce rubber belting. Some Indian owned factories have also recently been granted licences for the manufacture of rubber belting. It is estimated that the Indian owned belting factories can meet the entire requirements of the country so far as cotton and hair belting are concerned. For rubber and leather beltings we still have to allow imports to supplement Indian production.

STATEMENT

	Capacity assessed by the Tariff Board	Demand per annum	
Cotton and hair beltings	2300 tons	Cotton belting	700 tons
		Hair belting	500 tons
		Leather belting	500 tons

Shri Tushar Chatterjea: May I know whether it is a fact that since the time permission was given to the Dunlop Rubber Company for production of rubber belting, production in Indian-owned factories has gone down?

Shri T. T. Krishnamachari: The fact that three other factories have gone in for the production of rubber belting—permission to whom was given after permission was given to Dunlop Rubber Company—is proof positive that there is a market for these goods. But in regard to exact figures, I must ask for notice.

Shri Tushar Chatterjea: The statement shows that the capacity of production of belting by the Indian-owned factories is much more than the demand per annum. If that is so, why is it that import of belting is made?

Shri T. T. Krishnamachari: Capacity is there. Capacity does not mean production. It is merely a matter of semantics.

Shri Tushar Chatterjea: What is exactly the percentage of production to capacity?

Shri T. T. Krishnamachari: The statement gives the details of demands. So far as production figures are concerned they vary. There are four types of beltings: solid woven cotton and hair belting, leather belting, rubber ply and transmission belting, rubber covered conveyer belting.

Mr. Speaker: He wants the percentage of production to capacity.

Shri T. T. Krishnamachari: I am afraid I will have to work it out.

Shri N. B. Chowdhury: In view of the fact that the capacity of the Indian owned plants is sufficient to meet Indian demand, what steps have Government taken to see that the products of Indian-owned firms are utilised to meet Indian demand?

Shri T. T. Krishnamachari: It is a continuous process. Government always keep in touch with the industries concerned and ask for explanation why they have not produced to capacity. Oftentimes it happens that these products do not get the demand to meet the production.

I have indicated that in certain classes of beltings we have to allow imports because the industry which is to consume this belting is not satisfied with the quality produced.

WORLD BANK LOAN FOR D. V. C.

*523. **Shri B. K. Das:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the entire amount of the first loan from the World Bank for the Damodar Valley Project has been drawn and utilised;

(b) if not, what is the present position; and

(c) whether any amount from the second loan has been drawn and if so, in what works it has been utilised?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No, Sir.

(b) The amount of the loan is $18·5 million. A sum of $14,085,206 has been drawn upto 31st August 1953.

(c) No amount has been drawn so far from the second loan.

Shri B. K. Das: Regarding the first loan what amount has been drawn in the form of material and machinery and what amount in the form of cash?

Shri Hathi: Generally the amount is drawn for purchase of machinery and equipment and in respect of engineering services. Nothing is drawn actually in cash.

Shri B. K. Das: When was the second loan agreement concluded and what is the reason for the delay in the drawal of the amount?

Shri Hathi: The actual agreement was entered into on the 23rd January 1953; but certain formalities had to be gone through.

Shri B. K. Das: For which projects will this loan be utilised?

Shri Hathi: For Maithon and Panchet Hill projects.

Shri V. P. Nayar: The hon. Minister said that the loan will be utilised for the purchase of machinery and equipment. What percentage of this loan was spent for purchase of machinery in the United States and what percentage in countries outside the United States?

Shri Hathi: I have not got the break-up of these figures.

COMMITTEE ON LOW COST HOUSING

*524. **Shri Heda:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether Government have considered recommendation No. 15 of the Committee on Low Cost Housing as enumerated in a statement laid on the Table of the House in reply to part (b) of starred question No. 915 on the 1st September, 1953 *viz.*, "the rent restriction legislation scare away investors from putting their capital into building and recommends that such restrictions be abolished"; and

(b) if so, what action is proposed to be taken on this recommendation?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Yes. Sir.

(b) Due weight was given to this possibility when the Delhi and Ajmer Rent Control Act, 1952, was enacted. Similar legislation of other States is being examined to see whether any recommendation should be made to the State Governments concerned.

Shri Heda: May I know whether the Central Government has sent any circular, containing any direction or recommendation, to the State Governments in this regard with a view to easing the housing condition?

Sardar Swaran Singh: No, Sir.

REHABILITATION OF DISPLACED PERSONS IN BIHAR

*525. **Shri S. C. Samanta:** Will the Minister of **Rehabilitation** be pleased to refer to the written answer given to starred question No. 1723 on the 29th April, 1953 and state:

(a) whether any further number of displaced persons have been rehabilitated in the State of Bihar since then; and

(b) the number of camps and number of displaced persons still residing in camps at present in Bihar?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes; about another 3.034 displaced persons from East Pakistan have been rehabilitated upto the month of October, 1953.

(b) There are two relief camps, where 1.440 displaced persons are residing at present.

Shri S. C. Samanta: May I know whether Government have any information as to whether deserters from Bihar have come back and whether there are any in the number that has been furnished now?

Shri J. K. Bhonsle: I have not got the information, Sir. But these deserters do come back off and on.

Shri S. C. Samanta: May I know whether employment has been given to these persons or to the sons of these persons?

Shri J. K. Bhonsle: They are mostly agriculturists. There is no information available as regards that question.

Shri B. K. Das: When was the last batch of refugees sent to Bihar and what are the reasons for their being still in camps?

Shri J. K. Bhonsle: This is the normal process that new batches come in, and as old batches are rehabilitated they take the place of the old batches.

Shri B. K. Das: When was the last batch sent there?

Shri J. K. Bhonsle: I have no information on that.

Shri H. N. Mukerjee: May I know if any advantage has been taken of a free offer of land for the settlement of refugees, made by an organisation called the Colonisation Society with headquarters at Ranchi?

Shri J. K. Bhonsle: I have no information; I will find out.

STATE TRADING

*527. **Shri L. N. Mishra:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether there is any proposal to adopt the policy of State trading in some new commodities?

(b) If so, what are these commodities?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). The Committee appointed in July last to review the main recommendations of the State Trading Committee of 1950, in the light of subsequent developments and to examine whether and to what extent the export of yarn of certain categories, handloom products and cottage industries products could be undertaken by the State in the present circumstances, has submitted its Report. The Report is under examination by Government.

Shri L. N. Mishra: May I know the commodities in which State trading is resorted to at present?

Shri T. T. Krishnamachari: There are partial trading and controls so far as food is concerned. Most of it has now been relaxed. We are, I think—I am answering on behalf of Food, a subject which I do not know very well—we are importing sugar on Government account, a small quantity. So far as iron and steel are concerned, we control the distribution, though we do not actually do trading. But there is a certain element of trading in the sense a profit margin goes to the equalisation fund.

Shri L. N. Mishra: Do Government propose to have a statutory corporation for State trading as recommended by the Committee on State Trading?

Shri T. T. Krishnamachari: The Sub-Committee has sent its report. Government are examining it.

Shri Heda: From the trend of the reply to the question am I right in concluding that the Government is only thinking of State trading in commodities where the trade is rather difficult?

Shri T. T. Krishnamachari: Government's reaction to proposals of this nature must be determined by the exigencies. We would like, wherever we can serve the people better by State trading, to resort to State trading. That is the main criterion. It is a question of how we benefit the consumer in this country, and the exchequer.

I am unable to say whether the trend of my reply has given the indication which is attributed to me.

Shri V. P. Nayar: May I know whether in considering the proposals before them, Government will use the experience gained by them in the matter of certain items where there was State trading with the result that there was bungling and also corruption....

Mr. Speaker: Order, order. Next question.

Shri V. P. Nayar:...as in the case of Japanese cloth?

SHORT WAVE TRANSMITTER IN BOMBAY

***528. Shri Bhagwat Jha:** (a) Will the Minister of **Information and Broadcasting** be pleased to state whether Government are going to instal a high power short wave transmitter in Bombay?

(b) If so, what would be the cost of the scheme?

(c) Is it under the consideration of Government to instal a medium wave transmitter to facilitate hearing on cheap sets on medium wave?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Yes, Sir.

(b) Rs. 45 lakhs approximately.

(c) Yes, Sir.

Shri Bhagwat Jha: May I know if a high power short wave transmitter will be installed only at Bombay or at some other places also?

Dr. Keskar: This has been given in detail at the time of the Budget. But I might inform my hon. friend that two other high power short wave stations will be established besides Bombay, at Madras and near Calcutta.

Shri Bhagwat Jha: Arising out of the answer to part (c) of the question may I know what are the other stations where this medium wave transmitter will be installed?

Dr. Keskar: Sir, the list is too long for me to repeat here. But it has been placed on the Table of the House and has also been printed and I might, if my hon. friend desires, give him printed copy.

Shri Joachim Alva: Nearly two years ago I tabled a short notice question....

Mr. Speaker: He may put his question.

Shri Joachim Alva: ....enquiring whether half a crore worth of equipment was lying idle in the Bombay docks, for which the Government of India had paid. I want to know whether this equipment has been utilised for this purpose.

Dr. Keskar: I hope my hon. friend is not inspired by what he has read today or yesterday in some papers. No equipment is lying in any dock whatsoever.

KHADI

*529. **Shri Gidwani:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether the attention of Government has been drawn to a U.P.I. message published in the Press regarding the statement issued by the Chairman of the All-India Khadi and Village Industries Board, to the effect that with the introduction of the new and improved type of charka, the production cost of Khadi would be reduced?

(b) What is its cost?

(c) What is the average income of a spinner working on that charka for 8 hours daily?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) No, Sir.

(b) and (c). Do not arise.

AGREEMENT BETWEEN D.V.C. AND CALCUTTA ELECTRIC SUPPLY CORPORATION

*531. **Dr. M. M. Das:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether any provisional agreement has been made between the D.V.C. and the Calcutta Electric Supply Corporation, for supplying electric current from Bokaro to Calcutta, from the year 1956;

(b) whether such an agreement requires the approval and sanction of the Central Government;

(c) if so, whether such sanction has been asked for by the D.V.C. and given by the Central Government; and

(d) the main terms and conditions of the agreement?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) A draft agreement has been drawn up and is under scrutiny by the D.V.C. and the Calcutta Electricity Supply Corporation.

(b) No, Sir.

(c) Does not arise.

(d) As the draft agreement has not been finalised it is not possible to supply the required information at this stage.

Dr. M. M. Das: May I know whether such contracts for bulk supply of electricity are being negotiated with any other body; if so, what are they?

Shri Hathi: I think some negotiations are being made with some other firms, but I have not got the list with me.

Dr. M. M. Das: What is the tentative rate per unit that will be charged from the Calcutta Electricity Supply Corporation and the annual amount that will be realised?

Shri Hathi: The matter is still under consideration. The negotiations have not been completed.

Shri K. K. Basu: Will Government see that the Calcutta Electric Supply Corporation charge a nominal profit on the current that they will get from the D.V.C.?

Mr. Speaker: I am afraid it is a suggestion for action.

BRITISH GUIANA

*533. **Shri H. N. Mukerjee:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that a large proportion of the population of British

Guiana is of Indian origin and if so, their number;

(b) whether the attention of the Government of India has been drawn to the recent events in British Guiana; and

(c) if so, whether Government propose to take any steps in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) According to estimate of 1951, 197,696 persons out of a total population of 437,000 were of Indian origin. They form the largest racial grouping in British Guiana, the next largest group being of persons of African descent.

(b) and (c). Government are aware of the course of recent events in British Guiana and are deeply interested in them. Any steps that they might take will depend on circumstances and on the fact that the people of the country are not nationals of India.

Shri H. N. Mukerjee: May I know if it is in the contemplation of Government to see to it that as a member of the U.N. Trusteeship Council for non-self-governing territories we raise this matter, just as we did lately in regard to the question of the Central African Federation and the question of South West Africa, in the Council?

The Prime Minister (Shri Jawaharlal Nehru): These matters are under consideration.

May I say, Sir, that I am always pleased that the House should be amused. But it is not a matter for amusement. It is a very serious matter, how this can be brought about. There is no good the Government of India just saying something irresponsibly without producing any results.

Shri H. N. Mookerjee: May I know why on the 14th and 15th of October when this matter regarding British Guiana was raised in the U.N. Trusteeship Council by Guatemala and Poland we kept completely quiet?

Shri Jawaharlal Nehru: I am afraid I cannot say; I have no information on what happened then.

Mr. Speaker: The Question-hour is over.

WRITTEN ANSWERS TO QUESTIONS

JAMMU-PATHANKOT ROAD

*526. **Shri M. S. Gurupadaswamy:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether it is a fact that wide powers to award contracts to Central Public Works Department contractors for constructing the Jammu-Pathankot road and bridges etc., were given to the then Chief Engineer of Central Public Works Department; and

(b) whether it is a fact that the Chief Engineer was empowered to award contracts and allow rates on negotiation?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). The project of construction of the Jammu-Pathankot Road and Bridges was started as one of extreme necessity immediately after the Partition. On account of the urgency of the work and the peculiar conditions prevailing in that part of the country, the Chief Engineer was given full powers to sanction agreements without call for tenders.

RESEARCH PROGRAMMES COMMITTEE

*530. **Shrimati Tarkeshwari Sinha:** Will the Minister of **Planning** be pleased to state:

(a) whether the Research Programmes Committee appointed by the Planning Commission to investigate into the economic, social and administrative problems relating to national developments has started functioning;

(b) if so, how many centres have been selected by this Committee for carrying on this investigation; and

(c) how many centres have been selected in the State of Bihar?

The Minister of Planning and Irrigation and Power (Shri Nanda): (a) Yes.

(b) Letters have been addressed to all universities and important research institutions in the country but no final selection of centres has yet been made.

(c) Patna University and University of Bihar have been requested to send in Research Schemes.

PHARMACEUTICAL INDUSTRY

*532. **Shri Nanadas:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether it is a fact that the pharmaceutical industry is handicapped by the difficulties of high cost of raw materials?

(b) If so, what steps have been taken by Government to remove the difficulties?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). Government do not consider that it would be correct to say that the pharmaceutical industry as a whole is handicaped by the high costs of raw materials. In the manufacture of particular pharmaceuticals some difficulty may be there. Cases which are brought to the notice of Government are examined and such assistance as is possible is rendered. In this connection attention is invited to the reply to unstarred question No. 69 given in the House of the People on 19th November, 1953. The whole question is now under investigation by the Pharmaceutical Enquiry Committee, whose report is awaited.

U.N.O.

*534. **Shri H. N. Mukerjee:** (a) Will the **Prime Minister** be pleased to state whether the attention of the Government of India has been drawn to certain allegations made by Mr. John Lautner before the McCarthy Committee in America against the Indian Delegation to the U.N.O. to the effect that a member of the delegation addressed what he called secret "Communist meetings in New York"?

(b) If so, are the allegations true and against whom particularly was this allegation made?

(c) Have the Government of India taken any action in this regard, if the allegations are not true?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) to (c). Government have seen newspaper reports to this effect. No name has been mentioned there. There is absolutely no truth in the allegations and our delegation in New York described them as "absolute nonsense", when asked by the New York press.

Government do not propose to take any other action in regard to irresponsible statements made by irresponsible persons.

VIJAYAWADA RADIO STATION

*535. **Shri Buchhikotaiah:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether it is a fact, that an Advisory Committee has been constituted for the Vijayawada radio-centre;

(b) if so, the names of the members thereof; and

(c) the main proposals that were made by the Committee to improve the radio-centre?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Yes, Sir.

(b) A statement is laid on the Table of the House.

(c) The newly reconstituted Committee met on 28th November, 1953; the minutes of the meeting are awaited. I might inform the hon. Member that the Committee is purely an advisory one and is mainly concerned with making suggestions for improvement of programmes.

STATEMENT

Names of Members of newly reconstituted Programme Advisory Committee of Vijayawada Radio Station.

(1) Dr. W. L. Rao,
(2) Shri D. Sreenivasa Sarma,
(3) Shri Vissa Appa Rao,
(4) Shri K. Venkata Rao,
(5) Shri M. Thirmala Rao,
(6) Shrimati Utuknri Lakshmikantamma,
(7) Shri Addanki Sree Rama Murti,
(8) Shri Pingali Lakshmikantam,
(9) Shri K. Ramakotiswara Rao,
(10) Shri M. R. Appa Rao.

उत्तर प्रदेश में विस्थापित व्यक्तियों के लिये कुटीरें

***५३७ श्री रघुनाथ सिंह :** क्या पूनर्वास मंत्री यह बताने की कृपा करेंगे :

(क) क्या उत्तर प्रदेश में विस्थापित व्यक्तियों के लिये ३० लाख रुपये की लागत से १६३० कूटीरें बनाने की कोई योजना हैं ;

(ख) यवि हां, तो यह कूटीरें कहां बनाई जायेंगी;

(ग) क्या इस योजना के अन्तर्गत बनारम नगर में भी कछ कूटीरें बनाई जायेंगी; तथा

(घ) क्या भारत सरकार इस समस्त योजना को आर्थिक सहाय्यता दे रही हैं ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) to (d). There is a plan to construct 1,630 shops and not huts for displaced persons in Uttar Pradesh at an estimated expenditure of Rs. 25·00 lakhs. A statement is laid on the Table of the House showing the places where these shops will be constructed. [*See* Appendix III, annexure No. 16.]

55 shops are proposed for Banaras. These shops will be constructed from the funds advanced by the Government of India to the State Government as a loan.

Development Council

***538. Dr. Amin:** (a) Will the Minister of **Commerce and Industry** be pleased to state the number of meetings held by each of the Development Councils constituted under the Industries (Development and Regulation) Amendment Act, 1953 and the important questions discussed at these meetings?

(b) Are these Councils expected to submit annual reports of their work to Government?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Development Council for Internal Combustion Engines and Power Driven Pumps..................Three meetings. Development Council of Heavy Chemicals (Acids and Fertilisers)........Two meetings.

A statement showing the subjects discussed at these meetings is laid on the Table of the House. [*See* Appendix III, annexure No. 17.]

(b) Yes, Sir.

Community Projects

***539. Shri Jhunjhunwala:** (a) Will the Minister of **Planning** be pleased to state how much of the total amount spent till now on Community Projects has been spent on importing foreign consumer goods and technicians?

(b) How much has been spent towards administrative expenses?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Consumer goods are not imported under Community Projects Programme. A sum of Rs. 786-13-0 has been spent on foreign technicians upto 31st March, 1953.

(b) Rs. 45·76 lakhs upto 30th June, 1953.

ALL-INDIA KHADI AND VILLAGE INDUSTRIES BOARD

***540. Shri Bhagwat Jha:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether the All-India Khadi and Village Industries Board has prepared any budget for the development of Khadi and village industries to be undertaken in 1954-55?

(b) Has the proposal for organising a grand khadi and village industry exhibition in Delhi in the coming months been considered?

(c) Are the recommendations of the Common Production Programme Committee regarding match and oil industries being examined by Government?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Yes, Sir. But it has not been finalised.

(b) It is under consideration.

(c) No, Sir.

VISAKHAPATNAM SHIPYARD

***541. Shri K. Subrahmanyam:** (a) Will the Minister of **Production** be pleased to state whether Government are aware that keeping out workman in nil-allocation is still continuing in the Visakhapatnam Shipyard even after retrenchment?

(b) If so, what are the reasons?

(c) What has happened to the proposal for getting ships for repairs from Navy and Mercantile marine?

(d) What are the man-hours lost due to lack of work?

The Minister of Production (Shri K. C. Reddy): (a) Yes.

(b) The actual number of surplus workers at the time of the retrenchment was about 1,300 workers, but only 800 of these were retrenched after taking into consideration the future requirements of the Yard. By the beginning of the next year, it is expected that there will be no workers on nil-allocation.

(c) A vessel belonging to the Indian Navy is undergoing repairs in the Shipyard.

(d) The number of man-hours lost during October, 1953 on account of keeping on an average 280 men per day on nil-allocation was 53,808 man-hours.

TAPIOCA STARCH

***542. Kumari Annie Mascarene:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the price per ton of Tapioca Starch in Bombay;

(b) the price at which it is purchased from the producers; and

(c) the total quantity of starch required by the country?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) There is no control over the prices of Starch. The present price of Tapioca Starch is about Rs. 960/- per ton in Bombay.

(b) The price at which Tapioca Starch is sold by producers is not available. The price of Tapioca itself, however, does not exceed Rs. 105/- per ton when sold by producers in green tubers and Rs. 303/- per ton when sold in dried chips.

(c) The country's annual requirement of starch of all kinds has been estimated at 50,000/55,000 tons.

VEHICLES LEFT IN PAKISTAN

*543. { **Shri Bahadur Singh:**
Sardar Hukam Singh:

Will the Minister of **Rehabilitation** be pleased to state:

(a) whether in pursuance of a recent agreement reached between India and Pakistan, it was notified that no owner of a transport vehicle could remove his vehicle from one country to the other while crossing the border for settling in the other country;

(b) whether Government are aware that Punjab (Pakistan) authorities requisitioned all the buses and trucks owned by private operators and banned their removal altogether; and

(c) whether Government have carried any negotiations with Pakistan in respect of the vehicles left by Hindus and Sikhs in the Punjab (Pakistan)?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) No Notification in pursuance of the recent Agreement has been issued.

(b) Government have no definite information in this matter but some complaints have been received from displaced persons to the effect that their transport vehicles were requisitioned by the Pakistan authorities.

(c) There have been no separate negotiations on this item. Transport vehicles are, however, covered by the Movable Property Agreement of 1950 and they cannot be removed from the other country by the evacuee owners.

HIRAKUD DAM

***544. Shri R. N. S. Deo:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) how many cases under (i) the Indian Penal Code and (ii) the Prevention of Corruption Act, are pending investigation against the officers and staff of the Hirakud Dam Project; and

(b) how many of them have been pending investigation for more than (i) one year, (ii) two years and (iii) three years or more; and

(c) the reasons for delay, if any, in issuing charge sheets?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Under Prevention of Corruption Act........1

Under Indian Penal Code.........7

Under both Prevention of Corruption and Indian Penal Code. ..4

(b)—

(i) Nil

(ii) Nil.

(iii) Nil.

(c) The investigations by the police are still going on.

PARTICIPATION OF FOREIGN CAPITAL

***545. Dr. Amin:** Will the Minister of **Commerce and Industry** be pleased to state what procedure has been evolved for frequent consultation between Government and the industry on the question of participation of foreign capital in Indian Industry?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The general policy of Government regarding foreign capital participation in Indian Industry as laid down in the Resolution of the 6th April, 1948 and elucidated by the Prime Minister and myself is discussed from time to time by the Central Advisory Council of Industries which includes a number of responsible representatives of industrial interests.

CARPET INDUSTRY

***546. Shri Karni Singhji:** (a) Will the Minister of **Commerce and Industry** be pleased to state the number of carpet factories in India?

(b) How many of these are functioning in Rajasthan and where?

(c) Do Government provide export facilities for carpets through our embassies abroad?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 18.]

(b) Five: at Jaipur and Bikaner.

(c) Yes, Sir.

PAKISTAN CONSTITUENT ASSEMBLY

***547. Shri Gidwani:** (a) Will the **Prime Minister** be pleased to state whether Government are aware that the Pakistan Constituent Assembly has decided on the 7th November, 1953 that people of Junagadh and Manavadar territories of Indian Union will be given representation in their Federal Legislature after they are liberated and a provision to that effect has been made in the Constitution?

(b) Are Government aware that the Pakistan Constituent Assembly has decided that representation will be given to the people of State of Jammu and Kashmir, in their Federal Legislature after ascertaining their views and a provision has been made to that effect in the Constitution?

The Prime Minister (Shri Jawaharlal Nehru): (a) and (b). Reports to this effect have appeared in Pakistani newspapers.

उत्तरी बंगाल में नदियों का परिमाप

*५४८. { **श्री बीरबल सिंह:**
श्री रघुनाथ सिंह:

क्या सिंचाई तथा विद्युत मंत्री यह बताने की कृपा करेंगे कि क्या भूटान सरकार से उत्तरी बंगाल की नदियों का परिमाप करने की योजना में भाग लेने की प्रार्थना की गई है, और यदि हां, तो उस का क्या उत्तर है ?

The Deputy Minister of Irrigation and Power (Shri Hathi): Yes, Sir. The Government of Bhutan are not interested in the proposal.

KOSI CONTROL SCHEME

*549. { **Shri L. N. Mishra:**
Pandit D. N. Tiwary:

Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether any final decision has been made to give start to the actual work of the Kosi Control Scheme; and

(b) whether it is a fact that the Government of Bihar have been given to understand by the Government of India that something concrete in the direction of tackling the problem of Kosi would be done during the Plan period?

The Minister of Planning and Irrigation and Power (Shri Nanda): (a) No, Sir.

(b) This is one of the schemes to be taken up in the Plan period.

THE KHADI AND OTHER HANDLOOM INDUSTRIES DEVELOPMENT ACT

258. Th. Lakshman Singh Charak: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government have framed rules under Section 5 of Act XII of 1953; and

(b) if not, when the same are to be framed and published in the Gazette?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). Rules for collection of additional excise duty have been framed under Section 5 of the Act and are attached. [*See* Appendix III, annexure No. 19.]

Other Rules are being finalised in consultation with the Comptroller and Auditor-General.

IMPORT OF RAW CASHEW NUTS

259. Shri V. P. Nayar: (a) Will the Minister of **Commerce and Industry** be pleased to lay on the Table of the House a list of importers of raw cashew nuts from Africa for the years 1950, 1951, 1952 and 1953, showing their business address and the quantity imported by each of them during each year?

(b) What, if any, is the import duty on raw cashew nuts?

(c) What is the total price paid by the importers as seen on Government records for the above years (yearwise)?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Since 1951, imports of raw cashew nuts are allowed under Open General Licence. It has not, therefore, been necessary for firms to obtain import licences. Names of imports and the quantity imported by each of them is, therefore, not readily available. A statement showing names of importers and value of licences issued to different firms during 1950 when imports were permitted against licences is, however, attached. [*See* Appendix III, annexure No. 20.]

(b) Raw cashew nuts are exempt from the payment of import duty.

(c) The total quantity and value of the raw cashew nuts imported since 1950-51 are as follows:—

Year	Quantity	Value
1950-51	54,000 tons	Rs. 2,85 lakhs
1951-52	42,300 „	Rs. 3,28 „
1952-53	51,700 „	Rs. 4,66 „
1953-54 (April to September)	37,226 „	Rs. 2,64 „

ANTIBIOTICS (IMPORTS)

260. Dr. Amin: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total value of finished antibiotics, either individual or combined, allowed to be imported during the last five years; and

(b) the names of the firms which imported them, giving the value of imports made by each firm during the above period?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Figures relating to import of antibiotics have been furnished in reply to question No. 7 by Dr. Amin on 16th November 1953. A statement containing the information available is again placed on the Table. [*See* Appendix III, annexure No. 21.]

Separate figures for antibiotics imported in bulk and finished form are not available.

(b) The information is not available.

रेलवे खदान मजदूर

२६२. **श्री वी० मिश्र :** क्या उत्पादन मंत्री यह बताने की कृपा करेंगे :

(क) क्या यह तथ्य है कि सरकार ने ५,५०० रेलवे खदान मजदूरों की छटनी करने का निश्चय किया है; तथा

(ख) यदि हां, तो सरकार उनको कौन सी वैकल्पिक नौकरी देने की प्रस्थापना करती है ?

The Minister of Production (Shri K. C. Reddy): (a) Government had decided in December, 1952 to retrench 5693 surplus workers from some of the Railway Collieries, but no retrenchment has yet taken place.

(b) The Government propose offering them, alternative employment in some of the other Railway Collieries where there is a demand for labour. The Government also have development schemes in hand for increasing the output of some of the existing mines, and as and when these schemes become ready for operation, a portion of the surplus labour is expected to be absorbed.

TEA CULTIVATION

263. Shri N. M. Lingam: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the area earmarked for tea cultivation for distribution to newcomers in the regulation periods 1948-50 and 1950-55;

(b) the area for which permits were issued during 1948-50 and in 1950-55 so far; and

(c) the area actually planted during the years 1948-50 and in 1950-55 so far?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) to (c). A statement giving the required information is attached. [*See* Appendix III, annexure No. 22.]

TEA ESTATES

264. Shri N. M. Lingam: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of estates registered with the Indian Tea Licensing Committee on 31st March, 1953 (State-wise);

(b) the number of estates of less than 50 acres in extent (State-wise);

(c) the number of estates with an area of 50 to 150 acres (State-wise);

(d) the number of estates with an area of 150 to 300 acres (State-wise); and

(e) the number of estates with an area above 300 acres (State-wise)?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) to (e). A statement is attached. [*See* Appendix III, annexure No. 23.]

TEA CULTIVATION

265. Shri N. M. Lingam: Will the Minister of **Commerce and Industry** be pleased to state the number of permits issued for extension of tea cultivation during the regulation period 1948-50 in respect of (i) estates of 100 acres and above in extent, (ii) estates below 100 acres in extent, and (iii) the area covered by the extensions?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (i) 752 permits;

(ii) 2,027 permits.

(iii) 29,334·18 acres.

EXPORT OF PEPPER

266. Shri V. P. Nayar: Will the Minister of **Commerce and Industry** be pleased to state the quantity of pepper exported from India in each year from 1947 to 1953?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The quantity of pepper exported from India in each year from 1947 onwards is as follows:—

Year	Quantity in '000 cwts.
1947	358
1948	149
1949	278
1950	270
1951	353
1952	264
1953 (January-September),	178

SALT FACTORY

267. Shri Nanadas: Will the Minister of **Production** be pleased to state:

(a) the number of salt factories in the Andhra State attached to the Madras Circle; and

(b) whether there is any proposal to form a new circle in the Andhra State for the salt factories in Nellore and Guntur Districts?

The Minister of Production (Shri K. C. Reddy): (a) Four.

(b) No.

SALT PRODUCING CENTRES

268. Shri Nanadas: Will the Minister of **Production** be pleased to state:

(a) how many model salt producing centres are being run by Government and where they are situated; and

(b) whether there is any proposal to start one model salt producing centre (for demonstration) at Salt Iskapalli, in the Andhra State, where there is good and copious supply of brine water?

The Minister of Production (Shri K. C. Reddy): (a) One, at Wadala in the Bombay State.

(b) A proposal to open a model factory in the Andhra State is under consideration. No decision has, however, yet been taken regarding its location.

SALT PRODUCTION IN THE ANDHRA STATE

269. Shri Nanadas: Will the Minister of **Production** be pleased to state:

(a) the extent of land under salt production in the Andhra State during the years 1951, 1952 and 1953;

(b) the quantity of salt produced during this period; and

(c) the number of factories, circle offices, divisional offices and regional offices in the Andhra State?

The Minister of Production (Shri K. C. Reddy):

(a)	1951	9,446 acres
	1952	7,561 „
	1953	7,795 „
(b)	1951	60,84,000 Mds.
		43,80,000 Mds.
	1953	62,06,000 Mds. up to October 1953

(excluding production by unlicensed manufacturers).

(c) Factories	24
Circle Offices	2 (at Penuguduru and Naupada)
	1 (part of Madras Circle)
Divisional Office	1 (at Kakinada)
Regional Office	None (The Andhra State is served by the Regional Office at Madras).

SALT RESEARCH STATION

270. Shri Nanadas: Will the Minister of **Production** be pleased to state:

(a) the number of salt research stations in the country and the places where they are working; and

(b) whether there is any proposal to start one salt research station at Salt Iskapalli in Nellore District?

The Minister of Production (Shri K. C. Reddy): (a) One Salt Research Station is being established at Bhavnagar in Saurashtra under the Council of Scientific and Industrial Research. There are, however, five Salt Department Laboratories located at the following places:—

Deodani, Sambhar Lake.
Wadala, Bombay.
Humma, Orissa.
Tondiarpet, Madras.
Tuticorin, Madras.

(b) No.

COAL MINES

271. Pandit D. N. Tiwary: Will the **Minister of Production** be pleased to state the number of coal mines worked by Government?

The Minister of Production (Shri K. C. Reddy): Eleven.

SYNTHETIC GEMS

272. Shri Rajagopala Rao: (a) Will the Minister of **Commerce and Industry** be pleased to state the quantity and value of synthetic corundum and synthetic gem stones imported into India during the past five years, year-wise?

(b) What are the import duties levied on (i) imported synthetic corundum, uncut and cut as gem stones separately and (ii) other synthetic gem stones, both uncut and cut as gem stones?

(c) Are there any synthetic gem stone industries, manufacturing the above material in India?

(d) Is any protection or special encouragement given to this industry by the Government of India?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). Separate statistics for synthetic stones are not available from Sea Borne Trade Accounts.

(c) and (d). There is no manufacture of synthetic stones. Processing of imported synthetic gems is, however, carried on as a cottage industry in Rajasthan and Madras. As manufacture has not yet been established, the question of any protection does not, for the present arise.

HEAVY ELECTRICAL POWER PLANT INDUSTRY

273. Shri S. N. Mishra: Will the Minister of **Production** be pleased to state:

(a) the firms which are prepared to participate financially and technically in the project for Heavy Electrical Power Plant Industry; and

(b) whether they have commenced a survey of the prevailing conditions?

The Minister of Production (Shri K. C. Reddy): (a) Messrs. Siemens of Germany, English Electric Company of the U.K., and Associated Electrical Industries Limited of the U.K.

(b) Siemens sent a delegation to this country to undertake a local study of market conditions and production facilities. The delegation also held discussions with various Government departments and officials concerned, and then the team returned to Germany to prepare the project study. The report is expected shortly for consideration by the Government of India. The offers of English Electric Company and Associated Electrical Industries Limited are under examination.

ENFORCEMENT DIRECTORATE (COMMERCE MINISTRY)

274. Shri V. P. Nayar: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of cases detected by the Enforcement Directorate of the Commerce Ministry during the years 1950, 1951, 1952 and so far in 1953 year-wise;

(b) the number of cases sent to the Court and the number of cases which ended in conviction;

(c) how many cases have been referred to the Directorate by the Ministry, during the above period; and

(d) what are the broad categories of cases inquired into by the Directorate?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix III, annexure No 24.]

(c) About fifteen cases a year were referred to the Central Enforcement Directorate by the Ministry.

(d) The board types of cases enquired into by the Directorate were:—

(1) blackmarketing

(2) wrong price marking; and production of sub-standard materials; and

(3) wrong declarations about production and disposal of controlled materials.

IMPORT OF BETEL-NUTS

275. Shri Muniswamy: (a) Will the Minister of **Commerce and Industry** be pleased to state how many licenses have been given to the State of Madras for the second half-year of 1953, for importing **Betel-nuts?**

(b) How many of them are new comers?

(c) What were the total number of applications received from the State of Madras for getting this license and how many of them were rejected?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) to (c). A statement is attached. [*See* Appendix III, annexure No. 25.]

STORAGE SHEDS OF BIKANER HOUSE

276. Shri M. S. Gurupadaswamy: Will the Minister of **Irrigation and Power** be pleased to state:

(a) the estimated and actually incurred costs of construction of temporary storage sheds in the compound of Bikaner House, New Delhi;

(b) the purpose for which these sheds were constructed; and

(c) the floor area of these sheds?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Estimated cost Rs. 2,07,540.

Actual expenditure Rs. 1,82,469.

(b) The sheds were constructed to provide office accommodation for the staff engaged on the designs work for Hirakud Dam and Kakrapar Weir and Canal Projects.

(c) The floor area of the sheds is 18·466 sq. ft.

ELECTRICITY SUPPLY IN AGARTALA

277. **Shri Dasaratha Deb:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether there is frequent break down of supply of electricity at Agartala (Tripura); and

(b) what steps Government propose to take to maintain the regular supply of electricity?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes, Sir.

(b) The matter is receiving the active consideration of Government and steps are being taken to improve the position as quickly as possible.

COMMUNITY PROJECTS IN TRIPURA

278. **Shri Dasaratha Deb:** (a) Will the Minister of **Planning** be pleased to state the total amount of money so far provided to the Government of Tripura for the work of Community Development Projects?

(b) How many areas for the Community Projects have been selected and what are their locations?

(c) How many of these Projects have been undertaken?

(d) What amount of money has been spent for Community Development Schemes in Tripura in each year *i.e.* uptil now?

(e) What are the items of works which are being given priority?

(f) Will Government lay a report of progress of the Jirania Community Project area of Tripura on the Table of the House?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) An expenditure of Rs. 17·92 lakhs for a period of 3 years has been approved for one Community Development Block allotted during 1952-53.

(b) and (c). One Community Development Block located in Nutan Haveli and Sadar Agartala.

(d) Rs. 2:174 lakhs upto 30th September, 1953.

(e) Priority has been given to work in the following fields:—

(i) Agriculture & Animal Husbandry.

(ii) Irrigation.

(iii) Reclamation.

(iv) Communication.

(v) Health & Sanitation.

(f) A statement is laid on the Table. [*See* Appendix III, annexure No. 26.]

DISPLACED PERSONS IN TRIPURA

279. **Shri Dasaratha Deb:** Will the Minister of **Rehabilitation** be pleased to state:

(a) the total number of displaced persons' camps and colonies in each division in Tripura;

(b) the total number of displaced persons in each camp and colony;

(c) the number of displaced persons getting dole in each camp;

(d) the number of displaced persons who have got full amount of Rehabilitation Loan in each colony; and

(e) the number of displaced persons who have deserted the camps and colonies in 1953?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) to (d). Statements are laid on the Table of the House. [*See* Appendix III, annexure No. 27.]

(e) 98 from colonies and none from camps.

अनुसूचित जाति के विस्थापित व्यक्ति

२८०. **श्री नवल प्रभाकर :** क्या पुनर्वास मंत्री यह बताने की कृपा करेंगे :

(क) दिल्ली में अनसूचित जाति के विस्थापित व्यक्तियां की संख्या ; तथा

(ख) जिन को पुनः बसाया जा चुका हैं उन की संख्या ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). No separate census figures about displaced Harijans are available.

Dated......25.11.2014

THE
PARLIAMENTARY DEBATES
(Part II—Proceedings other than Questions and Answers)
OFFICIAL REPORT

HOUSE OF THE PEOPLE

Wednesday, 2nd December, 1953

The House met at Half Past One of the Clock.

[MR. SPEAKER *in the Chair.*]

QUESTIONS AND ANSWERS

(See Part I)

2-30 P.M.

PAPERS LAID ON THE TABLE.

STATEMENTS UNDER SUB-SECTION (2) OF SECTION 16 OF TARIFF COMMISSIONS ACT.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to lay on the Table, a copy each of the following papers, under sub-section (2) of section 16 of the Tariff Commission Act, 1951, namely:—

(i) Report of the Tariff Commission on the continuance of protection to the Ferrosilicon industry.

(ii) Ministry of Commerce and Industry Resolution No. 17(1)—T.B./53, dated the 28th November, 1953.

(Placed in Library. See No. S—181/53)

(iii) Report of the Tariff Commission on the continuance of protection to the Pencil industry.

(iv) Ministry of Commerce and Industry Resolution No. 44(2)—T.B./53, dated the 21st November, 1953.

(v) Statement under proviso to section 16(2) of the Tariff Commission Act, 1951, explaining the reasons why a copy each of the documents referred to in (iii) and (iv) above could not be laid within the prescribed period.

(Placed in Library. See S—180/53.)

(vi) Report of the Tariff Commission on the continuance of protection to the Button industry.

(vii) Ministry of Commerce and Industry Resolution No. 45(1)—T.B./53, dated the 28th November, 1953.

(viii) Ministry of Commerce and Industry Notification No. 45(1)—T.B./53, dated the 28th November, 1953.

(Placed in Library. See No. S—179/53.)

NOTIFICATION NO. S.R.C. 1856 DATED THE 1ST OCTOBER, 1953.

Shri T. T. Krishnamachari: I beg to lay on the Table, under sub-section (4) of section 30 of the Industries (Development and Regulation) Act, 1951 a copy of the Ministry of Commerce and Industry Notification No. S.R.O. 1856 dated the 1st October, 1953.

(Placed in Library. See No. S-184/53.)

NOTIFICATIONS BY MINISTRY OF COMMERCE AND INDUSTRY

Shri T. T. Krishnamachari: I beg to lay on the Table a copy each of the following notifications issued by the Ministry of Commerce and Industry, namely:—

(i) Notification No. S.R.O. 1855 dated the 1st October, 1953.

(ii) Notification No. S.R.O. 1857 dated the 1st October, 1953.

(iii) Notification No. S.R.O. 1858 dated the 1st October 1953.

(Placed in Library. See No. S-184/53.)

[Shri T. T. Krishnamachari]

(iv) Notification No. 9(7) IA (G)/53 dated the 1st October, 1953. *(Placed in Library. See No.* S-185/53.)

(v) Notification No. 9(1) IA(G)/53 dated the 14th November, 1953. *(Placed in Library. See* No. S-186/53.)

(vi) Notification No. 9(1) IA(G)/53 dated the 14th November, 1953. *(Placed in Library. See* No. S-186/53.)

(vii) Notification No. 9(2) IA(G)/53 dated the 14th November, 1953. *(Placed in Library. See* No. S-187/53.)

(viii) Notification No. S.R.O. 2085 dated the 10th November, 1953. *(Placed in Library. See* No. S-188/53.)

BANKING COMPANIES (AMENDMENT) BILL.

Mr. Speaker: The House will now proceed with the further consideration of the motion that the Bill further to amend the Banking Companies Act, 1949 be taken into consideration. The hon. Finance Minister.

Shri Tulsidas (Mehsana West) *rose—*

Mr. Speaker: I am very sorry, the hon. Finance Minister was to have been called upon to reply. The matter was adjourned just because there was no time.

Shri Tulsidas: May I request him?

Mr. Speaker: It is not a question of the request of anybody being allowed. The debate has been practically closed, but, for want of time the hon. Minister could not reply. In substance, he was called upon. The hon. Member will have opportunities to speak at a later stage.

Dr. Lanka Sundaram (Visakhapatnam): The hon. Member can ask for clarification of the speech of the hon. Minister.

Mr. Speaker: Later; not now. The hon. Minister.

The Deputy Minister of Finance (Shri A. C. Guha): I am grateful to the hon. Members for according general support to this Bill. In fact, 8 hon. Members participated in the discussion yesterday and there was none who opposed the Bill. Only one Member preferred to sending this Bill to the Select Committee. Others did not even support the proposal for a Select Committee. I take it, Sir, that the House is in general agreement with most of the provisions of the Bill. While giving their support, I think most of the Members have mentioned some points of disagreement and they have also some grievances against some of the provisions of this Bill. I shall try to meet those points one by one.

[MR. DEPUTY-SPEAKER *in the Chair.*]

The general grievance against this Bill is that this is rather a very belated measure, that the mischief has already been done and that this Bill would not be able to give the required redress to the depositors. I agree with them to a certain extent. I myself think that the mischief has sufficiently been done. I do not know how far it will be possible to salvage the depositors' money now in the hands of the liquidators. I think in my speech while introducing this Bill before this House, I made it abundantly clear by giving copious extracts from the Liquidation Proceedings Enquiry Committee report that the mischief was of a serious nature, that the Government have accepted the recommendations of that Committee and come before the House with this Amending Bill. Many other Members have quoted from that Committee's report. I have nothing to say on that. But, still I hope that this measure may not be quite useless for the depositors. We have been receiving quite a number of letters from the depositors who accept that this Bill would be able to give them some redress.

Some Members have used strong language about the attitude and what they consider to be the inactivity on the part of the Government and of the Reserve Bank. I can only tell them that if they have any reason to be dissatisfied with the Reserve Bank, they should also realise the difficulties which the Reserve Bank may feel on this point. I shall try to deal with this matter later on. Shri H. N. Mukerjee has mentioned that this Bill is rather going to do some harm to the depositors. His language is:

> "If Government could not do any positive good to the creditors, it has provided at least one element of positive harm."

He thinks that under section 178A of the Indian Companies Act certain facilities are given to the creditors of a trading company in liquidation, and that facility is not given by this Bill. I would like to refer him to section 45B of the Banking Companies Act, where it has been said that the High Court or court conducting liquidation, would have full authority to waive this provision of the Indian Companies Act. If Shri H. N. Mukerjee would have a glance at section 45B of the Banking Companies Act, he would realise that the Court has got full authority to waive all the provisions mentioned by him, and as stated in section 178A of the Indian Companies Act. So, this Bill is not making any departure from the usual procedure now followed on this point in the liquidation proceedings under the Banking Companies Act.

Sir, the hon. Member mentioned something about the Calcutta High Court yesterday when he was saying the things and you rightly pointed out to him that it would not be fair to use hard language about the High Court. But, there I can agree that at least in Bengal, there is a general feeling that the High Court for some reason or other has not been able to function properly in this matter of safeguarding the interests of the depositors of the banks in liquidation. He also mentioned that the High Court could not get the time to frame the rules as required by the Banking Companies Act, and previously by the Ordinance of 1949.

That is why we are providing some of the important rules in the present Bill itself in Schedule 4. It is not possible to frame and put all the rules in the Act, and so some other rules are to be framed by the High Court. After all, we shall have to function under the authority of the Court when some legal proceedings are to be conducted.

He mentioned something about the remuneration of the liquidators of the Nath Bank. I wish very much that he had not dragged in the name of Dr. Syama Prasad Mookerjee now that he is beyond all controversy. I agree with him that the liquidators of that Bank are getting remuneration quite out of proportion, but it is not quite correct to say that they are each getting a fixed remuneration of Rs. 2,000 monthly. The three liquidators get their remuneration according to rates of commission fixed, which would work out to a little over Rs. 2,000 each.

Mr. Deputy-Speaker: More than Rs. 2,000 a month?

Shri A. C. Guha: Yes.

Mr. Deputy-Speaker: That is what Mr. Mukerjee said.

Shri A. C. Guha: But it is not a fixed salary of Rs. 2.000. It is calculated on the basis of some rates of commission.

Shri Jhunjhunwala (Bhagalpur Central): What are the rates?

Shri A. C. Guha: It is graded. For the first few lakhs it may be 5 per cent. and so on. In any case I should mention here....

Shri H. N. Mukerjee (Calcutta North-East): If I may interrupt, I have a clear recollection of the figure of Rs. 2,000 being mentioned in the Court at that time. I have been in the Bar from time to time, and possibly a time-limit was set in regard to the period during which that amount was to be drawn by the liquidators concerned.

Shri A. C. Guha: I know they have been drawing provisionally Rs. 2,000 per month, but annually calculated it would come to more than Rs. 2,000 for each of the three liquidators. The only thing I say is this is not a fixed remuneration of Rs. 2,000 per month.

[Shri A. C. Guha]

Then he mentioned something about me, to quote his exact words, that while at Calcutta I "put all the blame for whatever has happened on the lay depositors". I think I did nothing of that kind. If I put any blame, I put the blame on the general public of Calcutta. What I mentioned there was that there had not been any feeling of resentment or indignation against those who have been exploiting the depositors' money, against those who have prospered at the cost of the depositors. I put no blame on the depositors, but rather on the leaders of political groups or social workers belonging to all parties who should have taken up this cause and made it a public demand in Bengal that this state of things would not be tolerated. I think during the concluding portion of my speech while introducing this Bill I mentioned that considering the way in which some of these Banks were run and considering the way in which the liquidation proceedings have been going on, I, coming from Bengal, have but to be ashamed.

Then, most other Members have mentioned about the Reserve Bank. It was provided in the Banking Companies Act that the Reserve Bank may be appointed liquidator of a bank in liquidation and if the Reserve Bank applied, no other party could be appointed liquidator. When that Bill was in the Select Committee I was a member of the Select Committee. I can say I tried my best to get it put in the Act that in all cases the Reserve Bank should be the liquidator, but then the Finance Minister and the Reserve Bank could not accept the suggestion owing to paucity of trained personnel who could be put in charge of this matter. Liquidation proceedings are of a legal nature and this work requires trained personnel who have the requisite training and requisite experience in these matters. It has not been possible for the Reserve Bank to recruit that nature of personnel.

Moreover, there is another thing which should be considered in this connection. In some of these cases the Reserve Bank was a creditor, and it is the convention that no one interested in the assets of the company in liquidation should be appointed liquidator. So, the Reserve Bank being a party interested in the assets of some of these Banks—at least of the more important Banks—it was not possible for the Court to appoint the Reserve Bank as liquidator. In the case of Nath Bank, the Reserve Bank was appointed liquidator, but then some party filed a petition in the High Court that the Reserve Bank, being an interested party, should not be the liquidator. So, the Reserve Bank had to retire. There are some other points also for the Reserve Bank which I hope the Members of this House would take into consideration before they form an opinion about the Reserve Bank.

Under the present Bill we are putting the task of liquidation on the High Court and the Court Liquidator, but still we are giving sufficient authority to the Reserve Bank to supervise the liquidation proceedings. We have also provided that the Central Government can ask the Reserve Bank to look into liquidation proceedings of any of the banks and in that case the Reserve Bank would submit its report to the Government and also to the High Court. On many occasions this House felt rather frustrated in getting the requisite information as the liquidator was responsible only to the High Court—neither to the Reserve Bank nor to the Central Government. So, we have provided in this Bill that the Central Government may ask the Reserve Bank to inspect the liquidation proceedings of any Bank, or even the High Court may ask the Reserve Bank, and in such cases, the Reserve Bank would submit its report both to the High Court and to the Central Government.

Another thing which has been resented by hon. Members is the provisò to the proposed Section 38A (3). It is provided in the Bill that as soon as the court liquidator is appointed, all pending liquidation proceedings would automatically go to him, with the proviso that:

> "Provided that where the High Court is of opinion that the appointment of the court liquidator would be detrimental to the interests of the depositors of the banking company, it may direct the person appointed as the official liquidator to continue to act as such."

Many hon. Members have taken objection to this, and I think their objection is mainly based on their experience of the liquidation proceedings in Calcutta. I may agree with them that there are sufficient reasons to be suspicious or doubtful in regard to this proviso. At the same time, I think hon. Members will agree that we cannot divest the High Court of its authority. We shall have to depend on the *bona fides* of the High Court, and we cannot proceed on the basis that a High Court cannot or should not be trusted. The target of their criticism has been the Calcutta High Court, and I hope the Calcutta High Court will surely take into cognisance, the feelings expressed on the floor of the House, and will use this option to keep the pending liquidation proceedings with the private liquidators,—if ever they use it—very cautiously and in very rare cases. Even then, the Central Government, if they feel that this power is being misused or not being used in the proper manner, will have the authority to ask the Reserve Bank to inspect the liquidation proceedings of such banks, and it would be open for the Reserve Bank and the Central Government to draw the attention of the High Court to the unsatisfactory state of affairs, in regard to the liquidation proceedings of those banks. So, I think we have taken sufficient precaution in this matter also.

Shri B. Das, the father of the House, has said many things about the Reserve Bank. I think he has spoken mostly against the Reserve Bank, rather than on this Bill.

Shri B. Das (Jajpur-Keonjhar): If the Reserve Bank had worked correctly, this Bill would not have been there.

Shri A. C. Guha: Yes, Sir. His opinion on any financial subject always gets the proper attention from Government and every other relevant authority. I hope his opinions on the Reserve Bank will also get the proper attention they deserve.

Shri B. Das: Thank you, that is all I want.

Shri A. C. Guha: Shri U. M. Trivedi has expressed some misgivings in regard to the public examination. He is in doubt as to who will conduct and lead the public examination. He is afraid that the High Court may be turned into a complainant. That is not what is provided in this Bill. The High Court will function as the court, and the court liquidator will conduct the public examination, and the director will have every opportunity to defend himself. In an amendment which I have given notice of, it is further provided that before a director is called for public examination, he would be given an opportunity to show cause why he should not be called for public examination. In view of this provision, I hope Shri U. M. Trivedi's misgivings about this provision will not be so strong as before.

Shri R. K. Chaudhuri has said something about the limitation period. For certain obligations of the directors, we have provided in this Bill that there should not be a limitation period. I am glad the hon. Member mentioned the instance of Deshbandhu Chittaranjan Das, and I think thereby he agrees that for a decent person there should be no question of limitation. An obligation is for ever an obligation to be fulfilled. But he should also realise that the director of a bank is handling the money of the depositors who have no voice in electing him or

[Shri A. C. Guha]

in the management of the bank. The director of a bank stands on a different footing, from the directors of any other trading company. In the case of a trading concern, the directors deal in and handle the money of the shareholders, and the shareholders elect them, and as such they are responsible to the shareholders. But in a bank, it is the depositors' money which is handled, and in an insurance company, the policyholders' money. It has been the accepted principle of this Government —and I think of all civilised Governments—that in banking companies, the interest of the depositors, and in insurance companies, the interest of the policyholders, should be guarded first, and the shareholders' interest would not count in these two cases. So, the directors of a banking company should take the responsibility of handling the money of those who have no hand or voice in electing them, or in the management of the company. It is not that all obligations or liabilities of the directors would have no limitation. Only the contractual liabilities will not have any limitation. I think it is not quite correct to say..

Shri R. K. Chaudhuri (Gauhati): On a point of information, Sir. May I know whether the liability will be only in respect of the directors, so long as they are alive, or will it descend down to their descendants also?

Shri A. C. Guha: If he has taken any loan, then in all fairness, the benefit of that loan having been enjoyed by his sons and grandsons, the liability would surely devolve on them. But if it is a liability which is a director's liability, then naturally it will cease with the death of the director, and it should not, and in fact, cannot devolve on his descendants. But if the director has taken any loan from the bank—being a director, he might have taken some loan—that liability would surely go down to his descendants, because they must have enjoyed the benefit of the loan granted to them.

Mr. Deputy Speaker: If he misappropriates, then what happens?

Pandit Thakur Das Bhargava (Gurgaon): On a point of information, Sir. The words used are 'contract, express or implied'. What is the implication of this?

Shri A. C. Guha: It should be interpreted according to the legal terminology. The hon. Member will be in a better position to do so.

Shri Tulsidas: On a point of information, Sir. The hon. Minister just now stated that the directors of a banking institution must have some extra responsibility, and therefore they must be responsible for the depositors' money. May I point out to the hon. Deputy Minister, that in the case of insurance companies, where something more than the shareholders' money is involved, there is no legislation of this type? There is no measure of this nature in any country in any part of the world, by which such an extra responsibility is thrown on the directors of a banking institution.

3 P.M.

Shri A. C. Guha: Sir, I can only say that an extraordinary state of affairs has occurred in our country, and this is a piece of legislation to meet an emergency situation. If any emergency situation has been created in the financial life of the nation, the Government are in duty bound to frame emergency legislation to meet such a situation.

Shri Tulsidas: May I again point out to the hon. Minister..

Shri A. C. Guha: I think it may be better if he puts his interpellations after my speech.

Mr. Deputy Speaker: He need not be interrupted. The hon. Member will have patience. If he wants any matter to be elucidated, he may put questions after his speech—if he is willing to answer.

Shri A. C. Guha: Then Mr. Chaudhuri has mentioned also about summary trial. He will kindly read the proviso to sub-clause (1) of clause 45J:

> "Provided that the offence is one punishable under this Act or under the Indian Companies Act.."

It is not a provision of summary trial of all offences; it is a provision for summary trial of a civil nature under this Act.

Then he said that he would like poor depositors to be given Rs. 200 in preference to small depositors. Sir, I do not know how he would demarcate a poor depositor from a rich depositor, and if we are to increase the amount from Rs. 100 to Rs. 200 for preference payment, I think there may not be in many cases any considerable amount left to be given to the other depositors.

Shri T. K. Chaudhuri mentioned the case of one bank. He has not mentioned the name, but I think he referred to the Union Bank of Bengal. This bank is now being converted into an investment institution and I do not like to say many things about this. But he should realise that he should not take the story that might have been sent to him or passed to him; there may be the other side of the picture also. It is a credit institution. I do not like to say anything definite about this. But only I can assure him that there was sufficient reason to take some action against this bank.

Shri T. K. Chaudhuri (Berhampur): What is the guarantee that in all such cases where allegations are made—I am not asking the Minister or the Government to accept the allegations—there will be some machinery to go into them?

Shri A. C. Guha: In all such cases, we shall have to depend on the Reserve Bank. The Reserve Bank makes frequent periodical inspections and after making periodical inspections—not only one inspection—they take certain action.

Shri T. K. Chaudhuri: Is the hon. Minister aware that many scheduled banks....

Shri A. C. Guha: I can concede that there may be scope for difference of opinion. The Reserve Bank may think that a certain step should be taken, whereas some members of the public may think that that action might not be necessary. There must always be scope for difference of opinion. But I think he will concede that the Government shall have to depend on the Reserve Bank as regards banking affairs. He cannot escape that obligation.

Shri V. B. Gandhi mentioned about the banning of a delinquent director from being director of any company. Here this is only for a very limited period—five years.

As I have stated before, the directors of banking companies have a special responsibility; as they have been handling money of others who have no voice in their election, they should take some consequences for mishandling the money placed at their disposal by some third party. This provision banning a delinquent director of a bank from being a director of any other company would operate only for five years.

Then I come to Shri K. K. Basu. He as also some other members said something about the Reserve Bank and also about the proviso to clause 38A(3), *i.e.* the High Court having the option of keeping any of the pending cases with the private liquidators. He further mentioned about the law charges. Sir, the papers that we have placed on the Table of the House will show how the law charges of the liquidation proceedings have been inordinately high. I think the solicitors have been the greatest beneficiaries in this, and he being a solicitor himself, suggested that there should be paid lawyers. This is an administrative matter, and I think the purpose of this Bill will be kept in mind by the High Court, and the court liquidator. This Bill has two purposes, *viz.* speedy

[Shri A. C. Guha]

liquidation and cheap economic liquidation—at less expense. I think the court liquidator and the High Court would see that the law charges may not be as high as now. Paid solicitors and paid counsel may be retained by the court liquidator. I think it is better that we leave it as an administrative step to be taken by the court liquidator and the High Court.

Then he mentioned about the employees. Sir, I know something about the employees who are now out of employment and who were engaged previously in the 80 or about that number of banks now closed. I have some direct personal contact also with some of them. I have every sympathy with them. But I do not know how it would have been possible for the Government to provide in this Bill that the Court liquidator will take his employees from those ex-employees of the banks now in liquidation. But I hope it will be natural for the court liquidator to get experienced staff, and he can get them only, or more easily, from amongst the ex-employees of these banks. I think here also we should leave it to the good sense of the High Court and of the court liquidator.

Sir, I think I have tried to meet all the points mentioned by different Members.

Shri R. K. Chaudhuri: No, Sir. May I refer to 45D wherein I had objected that this should not be realised or collected as arrears of land revenue?

Shri A. C. Guha: One of the main purposes of this Bill is to have a speedy and less complicated process of realising the assets of the bank, and we cannot find any other way. He has mentioned that even realisation of debts as arrears of land revenue may also result in putting somebody in prison.

I think except in Bombay there is hardly any State where this would involve any imprisonment. This matter was referred to in connection with the other Bill I had the honour to pilot here, the Rehabilitation Finance Administration Bill. I hope such contingencies would not be frequent.

Sir, before I conclude, I think I should refer to one casual remark from Dr. M. M. Das. He received this Bill with mixed feelings of joy and sorrow. I think for this he has to thank the agency which might have created this world. Unalloyed or unmixed happiness is not in the lot of any man. If we have been able to give some satisfaction to him and to other Members of the House, I think we shall have every reason to be satisfied ourselves. He should also thank us that he has got some satisfaction.

Sir, several hon. Members have made personal references to me. You know, Sir, that during the last 4 or 5 years or even more, I had on many occasions referred to this matter. I can also say that, I got considerable indulgence from the Speaker and from you on various occasions while I tried to raise these questions. On many occasions, some procedural or technical objections were raised, but I gratefully acknowledge that I got undue indulgence both from the Speaker and from you. Really, I should be happy if by this Bill it would be possible for the Government to give back a portion of the moneys which really belong to the depositors.

Shri K. K. Basu (Diamond Harbour): I raised a question about provident fund dues because there has been a conflict of opinion in the Courts.

Shri A. C. Guha: I noticed that point but it is not possible to give an assurance here.

Pandit Thakur Das Bhargava: As well as security money of the servants of the Bank?

Shri A. C. Guha: Yes, Sir.

Mr. Deputy-Speaker: I will put the amendment to the House. The question is:

> "That the Bill be referred to a Select Committee consisting of

Shri Rishang Keishing, Shri V. Boovaraghaswamy, Shri N. R. M. Swamy, Shri N. Sreekantan Nair, Shri Mangalagiri Nanadas, Shri T. B. Vittal Rao, Shri S. V. Ramaswamy, Dr. Ram Subhag Singh, Shri Diwan Chand Sharma, Shri Jhulan Sinha, Shri Bishwa Nath Roy, Shri Shyam Nandan Mishra, Sardar Hukam Singh, Shri Arun Chandra Guha, Shri Tridib Kumar Chaudhuri, and the Mover, with instructions to report by the last day of the first week of the next session."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That the Bill further to amend the Banking Companies Act, 1949, be taken into consideration."

The motion was adopted.

Mr. Deputy-Speaker: Now we will take up clause by clause consideration.

Clause 2 was added to the Bill.

Clause 3.—(*Insertion of New Section*)

Shri S. S. More (Sholapur): Mr. Deputy Speaker, Sir, in this particular clause the High Court has been defined. In Part IIIA of the principal Act, there are special provisions for the suspension of business and winding up of banking companies. Now, for the word 'court', according to the amendment, the word 'High Court' is going to be replaced. Therefore, 'High Court' has been defined under this 36A.

"In this Part and in Part IIIA, 'High Court' in relation to a banking company, means the High Court exercising jurisdiction in the place where the registered office of the banking company is situated or, in the case of a banking company incorporated outside India, where its principal place of business in India is situated."

Sir, I can understand the desire of the Government to concentrate powers and facilitate proceedings in liquidation in the interests of the depositors. But, what will be the effect of raising it to the exclusive jurisdiction of the High Court to try such proceedings? I will refer you to the other clause, section 45B. Under the present provision, Sir, whenever there is any debtor and a certain amount owed by him has to be recovered, then under the Civil Procedure Code, a suit can be filed where the cause of action takes place or where the debtor resides. Therefore, it is contended by the Government that for the purpose of recovering these debts owed by these debtors, they would require to go to different territories, different States or courts to file the suits. By virtue of this amendment, in such matters, the liquidator, instead of going to the different courts that have jurisdiction over the particular debtors will have to come to the High Court. For that purpose the definition has been sought to be incorporated. This provision, Sir, indirectly amends the relevant section of the Civil Procedure Code regarding jurisdiction.

You know, Sir, that on many occasions debts are advanced to small merchants and other persons engaged in trade or other occupation and who happen to be borrowers on the security of property. Now, in their desire to minimise the cost of the liquidator or the cost of the liquidation proceedings, they are trying to concentrate the jurisdiction in one High Court with the result that debtors, in the case of a large bank spread all over the country in different States, will have to go to the central High Court, which will be vested with the jurisdiction. There will be less cost so far as the liquidator is concerned, but so far as the unfortunate debtors are concerned, they will have to come to the only court which is now entrusted with the exclusive jurisdiction. I hope, Sir, I am making myself sufficiently clear. So, my submission is that all the interests ought to be properly reconciled. I can very well understand the Government's anxiety

[Shri S. S. More]

that all these proceedings should be concentrated at one place.

I would at this stage refer to the settlement of the list of debtors, how far it will be constitutional. According to 45D the High Court will be invested with the power of preparing the list and the original requirement of filing suits will be done away with. When suits are filed in different States the different Court Fees Acts prevail. What is going to happen to the Court Fees Acts of the different States? Sir, we are indirectly legislating on a matter which is entirely within the competence of the State Legislatures. I may refer you to Articles 245 and 246 of the Constitution. Certain matters are entirely within the jurisdiction of the State Legislatures and certain matters within the jurisdiction of the Parliament and......

Mr. Deputy Speaker: What happens to a private party filing insolvency petitions? There may be a number of persons whom the insolvency court has to enter in the list of creditors and they may be in various places outside the jurisdiction of that court. Everyone who has got a claim must file it in the court where the proceedings are taken.

Shri S. S. More: I am not referring to the claims, Sir. I quite appreciate the efforts on the part of Government to show some concession and automatic recognition to the claims of the depositors. As far as that matter is concerned, I am not in disagreement with the Government. I am concerned with the fate of the debtors. Sir, one hon. Member said that a bank in liquidation is the greatest danger. A bank living is one thing and a bank dead is another thing.

Shri R. K. Chaudhuri: Sir, I said that a bank dead is more dangerous than a bank living.

Shri S. S. More: When a bank is living probably it may be giving some assistance to small industries, they may be accommodated to some extent, but when the bank goes into liquidation, probably all the debtors will be forced to go into liquidation.

Mr. Deputy-Speaker: No, not necessarily. Why should the debtors go into liquidation?

Shri S. S. More: I will explain if you will permit me, Sir. Supposing the High Court starts preparing the list. Supposing A is indebted to the bank; his name will be brought into the list.

Suppose the proceedings are being started in the Calcutta High Court and he is at Poona, he will have to run to Calcutta. Of course, there will be more clients for my friend here, but I am not interested from his point of view. I am speaking from the point of view of the particular debtor, who will have to give up his normal activities and run down to Calcutta for the purpose of finding out whether the list is properly made and whether it is properly assessed and so on.

Mr. Deputy-Speaker: He will get notice.

Shri S. S. More: Even after notice, I say it is not enough. Notice only gives him some idea that certain proceedings will be started. Then the High Court is invested with powers to hold any summary enquiry before the list is finalised. Supposing some payment has been made by the debtor and it has not been entered in the books of the Bank, that may be one of the reasons for the liquidation of the bank. Now, the debtor will have to prove all these things and he will have to bring witnesses. It is not provided in this measure that the High Court, which has been given exclusive jurisdiction, may delegate the power to the different District Courts. The supervision will be vested in the liquidating court, but the different District Judges or District Courts, in whose jurisdiction the particular debtor may be residing or carrying on avocation, should have the power to decide the case. As far as the debtor is concerned, this particular definition will eventually be operated to the greatest inconvenience of the debtor. I appreciate that we must do something to relieve the hardships of the small depositors. At the same time if we are out to give ample or sufficient protection to debtors, who have taken loans to finance their industries, it will be good. The debtor's interest should not be unnecessarily sacrificed. I would make a submission to Government that when they are giving exclusive jurisdiction to the High Court, they should also say that the High Court can delegate, under certain circumstances, this matter of enquiry into the cases of debtors to certain local courts where necessary. That sort of a permissive provision must be here—with proper discretion to the High Court and with advantage to the debtor.

Then, Sir, I take this opportunity of referring to Clause 45-D because it is organisationally related to Clause 36-A. In the statement which has been circulated to us, there is a clause on law cost incurred, but unfortunately the break-up is not given. How much was required for court fee or process fee or such other thing and how much was incurred for the purpose of the lawyer's fee or liquidator's fee or out-of-pocket expenses etc. is not indicated. My submission is that clause 45-D will automatically add to the financial disadvantages of the provincial Governments and amend the Court Fees Act and other relevant Acts, which say that certain fees will have to be levied before taking up a case. How far this Parliament is competent to do it is a question which I want to raise for the consideration of the House. Now, Sir, there are Articles 245 and 246 and the Seventh Schedule of the Constitution, and item 96 of List I of the Seventh Schedule states "Fees in respect of any of the matters in this List, but not including fees taken in any court." and item 3 of List II of the same Schedule states "......fees taken in all courts except the Supreme Court." The latter is within the competence of the State Legislatures. Therefore, my submission is that by clause 45-D we shall be hitting hard the different provincial legislatures regarding the payment of court fees and it will be a serious encroachment on the provincial domain.

Shri A. C. Guha: Which clause the hon. Member is referring to?

Shri S. S. More: Clause 45-D.

Shri A. C. Guha: It is only clause 3 that is under discussion now.

Shri S. S. More: I sought your special permission, Sir, as this clause was organisationally connected with clause 3. Therefore, with the permission of the Deputy-Speaker, I was making a reference to this.

Mr. Deputy-Speaker: After all, the inconvenience is there, whether for debtors or for creditors. So far as creditors are concerned, they will have to come all the way to the High Court—it may be a different High Court in a different State in which they have to file their claims. Of course, the debtors also are put to some inconvenience. It is true there are some debtors who have borrowed in their own places and those cases may be few, but there will no doubt be some hardship. The hon. Member wants to decentralise.

Shri S. S. More: To allow the District Court to act as agents of the High Court in the matter. A similar provision is already incorporated in Clause 38-A. If different matters are pending in different courts, automatically the High Court must go into all these matters and on the ground of convenience, the High Court may permit the continuance of any case, which is being adjudicated in a lower court, in that court.

Mr. Deputy-Speaker: That is another matter and that is about pending proceedings. Is the hon. Member aware of any case where any subordinate court has been allowed, except for the purpose of taking evidence, to decide the issue?

Shri S. S. More: I accept, Sir, what you say. As far as recording of evidence is concerned, there is nothing preventing....

Mr. Deputy-Speaker: Even now there is nothing preventing it. There is the C.P.C.

Shri S. S. More: With due deference to you, Sir, when special provisions are made now, the application of C.P.C. is ruled out. As far as Part IIIA is concerned, when a special Act lays down a special procedure, that special procedure elbows out the normal procedure.

Mr. Deputy-Speaker: But Part IIIA says "notwithstanding anything inconsistent therewith", but if it is consistent therewith, what is the objection?

Shri S. S. More: I have not got the wide experience in these matters as you possess. At least for the purposes of removal of doubts, there are certain clauses here and we can lay down a clause to the effect that in certain cases the High Court may permit the continuance of any case, which is being adjudicated in a lower court, in that court.

Mr. Deputy-Speaker: All these observations are in his own mind but he has not come forward with any amendments so far.

Shri S. S. More: If appeal is made to the good sense of the majority, then automatically the majority is with me.

Mr. Deputy-Speaker: What has the hon. Minister to say?

Shri A. C. Guha: As far as this clause 3 is concerned, I think one of the main purposes will be frustrated if we accept the hon. Member's contention. I made it clear that unless the multiplication of cases and the multiplication of courts—these two things—can be avoided, there cannot be any speedy and cheap liquidation. So, we wanted all cases to be sent to the High Court and be tried by a particular High Court. The difficulty he mentioned about is there. In any case, most of them would have to suffer some difficulties, whether it is tried in the High Court or in some other courts. I do not think we can accept his contention.

Mr. Deputy-Speaker: The question is:

> "That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill

Clause 4 was added to the Bill.

Clause 5.—(*Amendment of section* 37)

Shri T. K. Chaudhuri: I beg to move:

In page 1, line 23, *for* "may" *substitute* "shall."

In page 1, line 28, *after* "depositors" *insert* "and shareholders".

In page 1, *after* line 29, *add*:

> "Provided the Court may on the specific recommendation of the Reserve Bank to that effect rescind the order appointing a Special Officer in respect of any particular banking company making an application for moratorium under sub-section (1) of section 37 and in respect of which the High Court decides to grant relief."

Shri V. B. Gandhi (Bombay City North): I beg to move:

In page 1, line 26,—

after "entitled" *insert* "shall retain or re-instate in service such members of the staff of the banking company as he deems necessary,".

Mr. Deputy-Speaker: Amendments moved:

In page 1, line 23, *for* "may" *substitute* "shall."

In page 1, line 28, *after* "depositors" *insert* "and shareholders."

In page 1, *after* line 29, *add*:

> "Provided the Court may on the specific recommendation of the Reserve Bank to that effect rescind the order appointing a Special Officer in respect of any particular banking company making an application for moratorium under sub-section (1) of section 37 and in respect of which the High Court decides to grant relief."

In page 1, line 26,—

after "entitled" *insert* "shall retain or re-instate in service such members of the staff of the banking company as he deems necessary.".

All these amendments—7, 8, 9 and 32—are moved. Hon. Members may kindly remember that, we have got two hours from now—we started this at 2.30—and we must finish this before then.

Shri Tulsidas: I am sorry I was not here yesterday, but as far as I know, the Business Advisory Committee suggested that this Bill has to take one and a half days. Yesterday, we had, I think, only one hour.

Mr. Deputy-Speaker: Hon. Member forgets the previous day. The hon. Minister spoke, and he was in possession of the House. We are giving one and a half days—full six hours.

Shri Tulsidas: With retrospective effect? One and a half days from that day?

Shri S. S. More: It means that he is a member of the Business Advisory Committee and he knows his business.

Shri Tulsidas: The decision was that we take one and a half days.

Mr. Deputy-Speaker: I shall look into it.

Shri Tulsidas: The Business Advisory Committee said that it is one and a half day from now.

Pandit Thakur Das Bhargava: Even then, according to him also, we have spent four hours already, from yesterday.

Shri T. K. Chaudhuri: So far as my amendments are concerned, amendment Nos. 7 and 9 should be taken together. Amendment No. 8 only introduces another word in the last but one line of the new sub-clause that is being introduced. Now, the new sub-section (3) provides for the appointment of a special officer by a High Court when any banking company applies for moratorium under section 37 of the Banking Companies Act. If you look into section 37 of the Banking Companies Act, Sir, here, the initiative for applying for moratorium has been given entirely, and I might say, almost *ex parte*, to the banking company itself. There is, of course, section 35 of the Banking Companies Act which provides for inspection and, under sub-section (4) of section 35, the Reserve Bank may be directed by the Central Government to cause an inspection to be made and then, if, on inspection, the Reserve Bank is convinced that the affairs of the banking company are not all right, then, it might prohibit the banking company from receiving fresh deposits and to direct the Reserve Bank to apply, under section 38, for the winding up of the banking company. But so far as section 37 is concerned, and the right to apply for moratorium or relief or suspension of business under section 37 is concerned, I think under the present set up of things, unless the entire banking system is buttressed on all sides by the type of credit institutions to which I referred yesterday, and which were actually brought into being after the banking crisis of the nineteen thirties in the United States—that is, the National Credit Corporation the Reconstruction Finance Corporation and Deposit Insu-

[Shri T. K. Chaudhuri]

rance Corporation—or some other institution for the insurance or guarantee of deposits, etc., if such systems are not introduced if the national banking system or the credit system is not supported or supplemented by such institutions, then, as the law operates, section 37 is a very dangerous provision. It leaves the entire initiative with the directors and management of the banking company itself, and we know by our personal experience that at the crucial moments somehow or other the Reserve Bank sits tight. Although the Reserve Bank is armed with extensive powers and the Government is armed with still larger powers, we know that in the case of many scheduled banks, the Reserve Bank have made no report, and one fine morning, the depositors learn to their surprise and grief that the banking company, with which many prominent people were associated as directors and on the strength of whose names everybody invested their money in that bank had suspended their business and there was hardly any chance of their getting back the money. I do not know if any bank which applied for moratorium has again started operation. In some cases they may have, but in most cases not, and not only that: the surprising thing is that once a banking company applies for moratorium, as if by magic or black art, or by underhand dealings, all material evidence about their assets disappear. That is the position. I know of one case, and the name of the banking company is mentioned in the statement which has been placed before the House by the hon. Minister, but I shall not mention its name and the names of the persons concerned,—but the case may be known to the hon. Minister himself. Almost on the very morrow of that particular banking company applying for moratorium some of the directors concerned, including the managing director, who were in charge of the administration of the company, were appointed handling agents for textile goods by the Government of West Bengal.

Shri A. C. Guha: That was done some time after the bank closed; not the next day.

Shri T. K. Chaudhuri: I said almost on the morrow. In fact the affairs of the banking company were never enquired into.

Shri A. C. Guha: No, no. It was some time after the bank closed.

Shri T. K. Chaudhuri: Anyway that was done. The hon. Minister very rightly condemned the public of Bengal for allowing these delinquent persons to go about in society and to occupy respectable position. Perhaps, he was not aware that he was condemning his own Party Government in the province of West Bengal. Anyhow, I am not here concerned with that. It is beside the point.

What I feel, Sir, is that Section 37 of the Banking Companies Act, as it stands today leaves the entire initiative in the hands of the banking company and under such circumstances it should be obligatory upon the High Court when a banking company applies for moratorium to appoint a special officer. This is a very modest request. Let us not leave the thing entirely to the discretion of the High Courts. Let us first make it obligatory but if under special circumstances there might be banks which are under certain difficulties but which have ample resources to pay off their debtors and whose affairs could be set right within a short time, and if the Reserve Bank is also of that opinion, it might recommend to the High Court that a special officer is not necessary and the *bona fide* of the administration need not be questioned.

I am not in any way arguing for taking away the discretion of the High Court. But it has to be appreciated that the High Court is not an expert body so far as banking is concerned.

Mr. Deputy-Speaker: Are there not cases where the High Court may come to the conclusion that it is not a fit case for winding up.

Shri T. K. Chaudhuri: This is not a question of winding up. The special officer would be appointed only when an application is made for moratorium, for temporary suspension of business. But we have found by practical experience particularly in Bengal—there might be one or two exceptions—that when once a banking company has applied for moratorium, it has ended in liquidation.

Mr. Deputy-Speaker: The hon. Member wants a special officer to be appointed automatically, except in cases where sufficient cause may be shown to the High Court for not placing it in the hands of a special officer—the process to be inverted.

Shri T. K. Chaudhuri: This is a modest request, Sir. I am not a lawyer and the draft of my amendment may not be happy. But I appeal to the hon. Minister to take my suggestion into consideration.

Mr. Deputy-Speaker: There may be cases where a bank itself may come forward and represent to the High Court that it is unable to pay and wants a moratorium, in which case it is open to the High Court to find whether it is a fit case or not. Automatic appointment of a special officer may cause hardship in such cases to the banks.

Shri V. B. Gandhi: Sir, my amendment No. 32 reads thus:

In page 1, line 26,—

after "entitled" *insert* "shall retain or re-instate in service such members of the staff of the banking company as he deems necessary,".

Now, Sir, one of the chief difficulties experienced by the liquidators, a difficulty which works to the detriment of the depositors, is that the official liquidator usually finds that the assets, books, documents,....

Mr. Deputy-Speaker: This is out of order—beyond the scope of the Bill. When an application is made under sub-section (1), the High Court may appoint a special officer who shall forthwith take into his custody or under his control all the books, etc. He shall also exercise such other powers as the High Court may confer on him. Where do reinstatement of the servants come in? This is an amending Bill and I am afraid the hon. member's amendment is beyond the scope of it. Anyhow let me be convinced to the contrary.

Shri V. B. Gandhi: May I say that the appointment of a special officer is something new which is provided for in this Bill.

A special officer has to be appointed because it has been found by experience that those in power in the bank usually take care to see that the assets, books of account and other documents disappear before the liquidator can lay his hands on them. At the same time, some people take care to dismiss or send away from their service men who would be of material value in giving evidence required by the liquidator.

Mr. Deputy-Speaker: I am sorry I cannot allow this amendment: it is out of order. We cannot give a *carte blanche* to the special officer to reinstate the old employees. It is left to him. In the latter part of the clause it is provided that the High Court may give him directions and it is obligatory on him to carry out those directions.

Shri A. C. Guha: I am afraid I cannot accept amendments Nos. 7, 8 and 9 moved by my hon. friend Shri Chaudhuri: By his amendment No. 7 Shri Chaudhuri wants to substitute the words "shall" for the word "may". As you rightly pointed out, the High Court should have some discretion in certain matters. We naturally expect that the High Court will exercise this discretion in a reasonable manner. We cannot proceed on the basis of suspicion of the High Court.

[Shri A. C. Guha]

I will now deal with his amendment No. 8. The special officer will take possession of the books and thereby safeguard the interests of depositors as well as shareholders The interests of both will be preserved. Actually in a bank under liquidation the shareholders have hardly any interests to recoup. So he should not press for shareholders' interests. I do not think there will be any bank which will be able to pay something to the shareholders—except in very very rare cases. Their interests also will be safeguarded when the books are taken possession of by the special officer.

As regards his amendment No. 9, when the High Court appoints the special officer it will be within its discretion to rescind the order and discharge the special officer. It is not necessary to put anything here. That is the inherent right of the High Court as appointing authority. So I am sorry I cannot accept the amendments.

Mr. Deputy-Speaker: The question is:

In page 1, line 23, *for* "may" *substitute* "shall".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 1, line 28, *after* "depositors" *insert* "and shareholders".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 1, *after* line 29, *add*:

> "Provided the Court may on the specific recommendation of the Reserve Bank to that effect rescind the order appointing a Special Officer in respect of any particular banking company making an application for moratorium under sub-section (1) of section 37 and in respect of which the High Court decides to grant relief."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 5 stand part of the Bill."

The motion was adopted

Clause 5 was added to the Bill.

Clause 6.—(*Insertion of New Section* 38A).

Mr. Deputy-Speaker: Let me know the amendments that are going to be moved.

Shri Tulsidas: I want to move amendment No. 16.

Shri Sarmah (Golaghat-Jorhat): I want to move amendment No. 55.

Shri A. C. Guha: Sir, I have got three amendments to this clause.

Mr. Deputy-Speaker: I have received them only just now. I will ask the Minister to move his amendments. They are only three small ones. Hon. Members may kindly note down.

Shri A. C. Guha: I beg to move:

In page 2, line 5, *after* "appointed by it" *insert*

> "in consultation with the Central Government".

Mr. Deputy-Speaker: That is, for the person to be appointed, it ought to be in consultation with the Central Government. Hon. Members were saying yesterday that the High Court may go on appointing somebody and trying to favour any lawyer. Now, if there is the Government also.....

Shri S. S. More: The evil will be equally distributed.

Mr. Deputy-Speaker: To that extent it is attenuated.

Shri A. C. Guha: Then, I beg to move:

In page 2, line 15,—

after "Court" *insert* "after giving the court liquidator and the Reserve Bank an opportunity of being heard and".

I also move:

In page 2, line 33,—

after "High Court" *insert* "after giving the court liquidator and the Reserve Bank an opportunity of being heard".

Mr. Deputy-Speaker: Amendments moved:

In page 2, line 5, *after* "appointed by it" *insert*

"in consultation with the Central Government".

In page 2, line 15,—

after "Court" *insert* "after giving the court liquidator and the Reserve Bank an opportunity of being heard and".

I also move:

In page 2, line 33,—

after "High Court" *insert* "after giving the court liquidator and the Reserve Bank an opportunity of being heard".

Shri A. C. Guha: These amendments will remove most of the misgivings expressed on the floor of the House about the Proviso to 38A(3). So I think these amendments will be accepted and the other amendments, which have been moved practically to delete this Proviso, may now be withdrawn.

Shri K. K. Basu: That is your request.

Shri A. C. Guha: Yes, that is my request, and I am sure good sense will prevail.

Mr. Deputy-Speaker: Are there any other amendments?

Shri T. K. Chaudhuri: I want to move amendments 15, 17, 18 and 19.

Shri K. K. Basu: I want to move amendments 56, 57 and 58.

Shri Tulsidas: I beg to move:

In page 2, *omit* lines 33 to 37

Shri Sarmah: I beg to move:

In page 2, lines 14 to 18,—

omit "unless the High Court, having regard to the special circumstances obtaining in the case of the banking company and for reasons to be recorded, otherwise directs in the order for the winding up of the banking company"".

Shri T. K. Chauduri: I beg to move:

In page 2, line 5,*

after "it" *insert* "along with such staff as may be deemed necessary".

In page 2, line 34,*

after "liquidator" *insert* "as the official liquidator".

In page 2, line 36,—*

after "the person" *insert* "previously".

In page 2,—*

after line 44, *add*—

"(5) All questions relating to the terms of appointment including the salaries of the court liquidators and members of their staff and provisions for pensions, gratuities etc. along with questions about the expenses of the offices of court liquidators will be decided by the High Courts concerned in consultation with the Government of India by rules framed for this purpose."

Mr. Deputy-Speaker: Amendments moved:

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*Deemed to have been negatived.

[Mr. Deputy Speaker]

In page 2, lines 14 to 18,—

omit "unless the High Court, having regard to the special circumstances obtaining in the case of the banking company and for reasons to be recorded, otherwise directs in the order for the winding up of the banking company".

Shri K. K. Basu: I beg to move:

In page 2, *after* line 18 *insert*:

> "Provided that in all such cases where a liquidator other than the court liquidator or the Reserve Bank of India is appointed a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India."

In page 2, line 33.*

after "opinion" *insert* "after giving the court liquidator and the Reserve Bank of India a hearing and for reasons to be recorded in writing".

In page 2, *after* line 37 *insert*—

> "Provided further that in all such cases a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India and another one third shall be composed of the representatives of depositors."

Mr. Deputy-Speaker: Amendment moved:

In page 2, *after* line 37 *insert*—

> "Provided further that in all such cases a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India and another one third shall be composed of the representatives of depositors."

Shri Tulsidas. He can speak on the clause, all the amendments, oppose any of them or support his own amendment. He can do any of these.

Shri Tulsidas: I am of course supporting my own amendment.

According to section 38A it is considered desirable for better expedition....

Shri A. C. Guha: Sir, I think the discussion would proceed in a better way if the time is fixed. What is the time allotted for the discussion of this Bill?

Mr. Deputy-Speaker: How long? Let me proceed from the rear. Should we allow any time for third reading?

Some Hon. Members: Yes.

Mr. Deputy-Speaker: All right, half an hour.

Shri Tulsidas: I feel, Sir, that so far as the third reading is concerned, I myself will take at least half an hour.

Shri A. C. Guha: How long will the discussion proceed on this Bill.

Mr. Deputy-Speaker: The discussion, according to my interpretation, should close at 4-30; according to the interpretation of Shri Tulsidas by an hour and ten minutes more. Even assuming that I accept that and it is given retrospective effect, even then we have only one hour more. That is, after 4-30 we can sit till 5-30. That is the maximum time that is allowed under the arrangement.

That is up to 5-30.

4 P.M.

Shri A. C. Guha: By 5 o'clock the Second Reading should be finished.

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*Deemed unnecessary.

Mr. Deputy-Speaker: Yes.

Some Hon. Members: No, no.

Mr. Deputy-Speaker: If that is absurd, they must thank their own Business Advisory Committee.

Shri K. K. Basu: Yesterday it was only half a day.

Mr. Deputy-Speaker: No; full day. What is the good of quarrelling over facts? Yesterday, the discussion went on for 2 hours and 50 minutes.

Shri K. K. Basu: That is, half a day.

Mr. Deputy-Speaker: Three-fourths of a day. Four hours for one day, barring the Question hour. Two hours and 50 minutes make three-fourths of a day.

Shri S. S. More: You are having a special definition of a day.

Mr. Deputy-Speaker: That is what hon. Members have given to me, and not what I am saying. One and a half days means 6 hours; yesterday, 2 hours and 50 minutes and 3 hours and 10 minutes today. We started at 2-31; that is we go up to 5-41. The Second Reading should be over by 5 o'clock.

Shri Tulsidas: I do not think the business is going on on the basis of the time allotted by the Business Advisory Committee. The Industrial Disputes Bill was allotted one day. It has taken more than one day. I would like to point out, Sir,—of the Members of the Business Advisory, Committee, there is none here excepting myself—that whenever there is any controversial Bill, the time must be adjusted. Some business may take a shorter time and some a longer time.

Mr. Deputy-Speaker: The hon. Member was not present at the consideration stage. He wants to make it up in the Third Reading stage. With all respect, I cannot allow that.

Shri Tulsidas: The time allotted by the Business Advisory Committee is not adhered to.

Mr. Deputy-Speaker: This is absolutely in accordance with the schedule of the Business Advisory Committee. It is not retrospectively, but prospectively. He says that there ought not to be any time limit. That is not possible.

Shri Tulsidas: We should take the whole day on this.

Mr. Deputy-Speaker: No, no.

Shri Tulsidas: Whereas the decision of the Business Advisory Committee was that the Industrial Disputes Amendment Act should be allotted one day, it has taken more than one day. If the Bills are controversial, you must allow more time.

Mr. Deputy-Speaker: The Second Reading will be over by 5 o'clock when the Third Reading will commence and be over by 5-41.

Pandit Thakur Das Bhargava: The other clauses which are coming up are much more important than the earlier clauses.

Mr. Deputy-Speaker: What can be done? Hon. Members spend time over unnecessary matters.

Pandit S. C. Mishra (Monghyr North East): This discussion should be treated as beyond that time limit.

Shri Tulsidas: This discussion may continue till 6-30.

Mr. Deputy-Speaker: He cannot make up all the time he has lost in the earlier stage.

Shri Tulsidas: Not a question of making up. I have a number of amendments and I must put forward my views.

Mr. Deputy-Speaker: The hon. Member may proceed.

Shri Tulsidas: According to section 38A, it is required for greater expedition and reduction in the cost of liquidation, that the Court liquidator shall be in charge of the liquidation proceedings and the court liquidator shall become the official liquidator unless the court otherwise directs.

In Bombay, in almost all cases the court liquidator is the official liquidator. Why should power be given to the court to appoint somebody else? Why should the court liquidator may not be the official liquidator? It will lessen the cost; it will also expedite the proceedings. Perhaps in other places, there is no official liquidator. In Bombay, we have the court liquidator who works as official liquidator and by this means liquidation proceedings are conducted at a lesser cost.

Mr. Deputy-Speaker: Is not the court the official liquidator? Here a court liquidator may be attached. He is the official liquidator.

Shri Tulsidas: He is called the official liquidator in Bombay. The official liquidator is appointed permanently. He is in charge of all liquidation proceedings.

Mr. Deputy-Speaker: Now, they are trying to bring the practice into line with the practice prevailing in the Bombay High Court, of having an official liquidator. Perhaps till now, an *ad hoc* liquidator for each case has been appointed.

Shri K. K. Basu: In other courts also, there is a Government employee called the official liquidator. Apart from that, the court appoints a private liquidator who is called official liquidator for a particular bank. There is also a post called official liquidator in Calcutta.

Shri T. K. Chaudhari: The term official liquidator is misleading because private liquidators appointed in certain cases are called official liquidators.

Mr. Deputy-Speaker: Sub-clause 2 says that the court liquidator shall become the official liquidator.

Shri Tulsidas: The proviso to clause (3) takes away that.

Mr. Deputy-Speaker: Existing ones. The hon. Member is dealing with clause (3). In a few cases, they may have gone to such an extent that it may not be advisable to change the liquidator at that stage. The hon. Minister explained all that at length and the hon. Member was not present then. There is a story in our part of the country. Whenever the Patel comes; the puranam starts once again. Now, the hon. Member wants to repeat the whole thing.

Shri Tulsidas: If that is so, Sir, I do not want to take the time of the House.

Mr. Deputy-Speaker: The Court liquidator will become the official liquidator and no other person can be appointed except in pending cases where on account of the extraordinary circumstances, the time that has been taken, the stage it has reached, if the court for special reasons finds it necessary, it can continue the court liquidator for that case alone.

Shri K. K. Basu: In view of the fact that the principle of one of my amendments has already been accepted by the Deputy Minister, that before an outsider is appointed in preference, the court liquidator and the Reserve Bank will have an opportunity to have their say,......

Mr. Deputy-Speaker: No other man will be appointed hereafter except in regard to pending cases.

Shri A. C. Guha: In pending cases where there are some special reasons the court may decide.

Mr. Deputy-Speaker: In new cases.

Shri A. C. Guha: Not in new cases.

Pandit Thakur Das Bhargava: The same thing is there in new cases also.

Shri Jhunjhunwala: Where is not the word 'pending'.

Shri K. K. Basu: Sub-clause (2) says:

> "the court liquidator shall become the official liquidator, unless the High Court ......directs in the order for the winding up of the banking company."

It is not for pending cases. It is for future cases also.

Shri A. C. Guha: Here, sub-section (3) says: "...... on such commencement or, as the case may be...." Sub-section 3 deals with pending cases.

Mr. Deputy-Speaker: He is speaking on sub-section 2. Even in sub-section 2, the proviso is there.

Shri A. C. Guha: That is another thing.

Mr. Deputy-Speaker: In the scheme of this particular section, I was under the impression that this provision is only in sub-clause (3). It is lurking in the tail end of sub-clause (2) also.

Shri A. C. Guha: Sub-clause (2) may refer to new cases also. Sub-clause (3) is for pending cases.

Mr. Deputy-Speaker: Shri K. K. Basu is taking exception to this power being exercised even in rare cases in respect of future cases also. He does not want any discretion to be vested in the High Court to appoint any liquidator other than the official liquidator.

Shri K. K. Basu: In view of the fact that the principle of an amendment that I had given notice has been accepted by the hon. Minister, I have not moved it. I want to add a proviso. The hon. Minister was trying to say that there may be rare occasions and I thought possibly he has got a sort of an undertaking or assurance from the High Courts.

Shri U. M. Trivedi: This relates to sub-clause (3).

Mr. Deputy-Speaker: Is the hon. Minister also under the impression that this provision applies to pending cases?

Shri A. C. Guha: Sub-clause (2) may also refer to new cases.

Mr. Deputy-Speaker: Does he think that it can extend to new cases?

Pandit Thakur Das Bhargava: It is very much circumscribed by the amendment of the hon. Minister. It has been very much circumscribed because he says: "after giving the court liquidator and the Reserve Bank an opportunity of being heard".

Shri K. K. Basu: Our experience of court liquidators or official liquidators as they are called in our parts is that they are always appointed in cases where there are no funds. The hon. Deputy Minister assures us that the High Courts in future will behave in a better way, but I want to add one proviso because under the Act the High Courts may do away with the Committee of Inspection. Therefore, in cases where a private liquidator, *i.e.* other than the Reserve Bank or the court liquidator, is appointed in future and also in present cases if there is continuation of the old private liquidators, the Committee of Inspection should be made compulsory. I have also indicated the composition of this Committee in my Amendment which reads:

> "Provided that in all such cases where a liquidator other than the court liquidator or the Reserve Bank of India is appointed a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and

[Shri K. K. Basu]

the representatives of the Reserve Bank of India".

In the case of the continuation of the present private liquidator, I have added a similar proviso:

> "Provided further that in all such cases a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India and another one third shall be composed of the representatives of depositors."

Though we all hope that the High Courts will act very judiciously and will appoint private liquidators only in rare cases, I feel that the Reserve Bank and the depositors should have some opportunity to enquire into the liquidation proceedings. Because, though there are provisions under the existing law, *viz.*, the Banking Companies Act, neither the Government nor the Reserve Bank have interfered with the activities of the private liquidators, and we do not have a report to what extent the private liquidators have discharged their duties properly, except what is to be found in the report of the Committee of experts. Therefore, I would suggest to the mover of this particular Amending Bill that this is an absolute necessity, at least to gain the confidence of the depositors. So far as my State is concerned, we have, unfortunately, very sad experience of the activities or inactivity of the High Court in the last six years.

Shri Sarmah: I have moved:

In page 2, lines 14 to 18,—

omit "unless the High Court, having regard to the special circumstances obtaining in the case of the banking company and for reasons to be recorded, otherwise directs in the order for the winding up of the banking company"

There are three sub-clauses to Clause 38A.

The first one lays down:

> "There shall be attached to every High Court a court liquidator...."

I fail to see why the Deputy Minister introduces his later amendment: "in consultation with the Central Government". My submission would be that we must have complete faith in the High Courts. One reason why the Britishers continued their rule over India for long was that the people in this country had faith in the justice given by the Britishers so long as it was a case between Indian and Indian, so long as the White interest did not come into clash. I fail to see why, since we have taken over power, we are reluctant in most matters to put our faith in our High Courts.

The sentence formerly was:

> "There shall be attached to every High Court a court liquidator to be appointed by it for the purpose of conducting all proceedings for the winding up of.."

Now the words are introduced "in consultation with the Central Government". How are matters improved by consultation with the Central Government? By whom is the consultation to be made? By the High Court? In what matter? In the appointment of a court liquidator? Appointment of a court liquidator is not such a very big thing that an institution of the stature of a High Court has to consult the Central Government. I hope that better wisdom would prevail and that the hon. Deputy Minister would withdraw this introduction. It is unseemly, if I may say so.

The second sub-clause is:

> "Where there is a court liquidator....".

—let us remember that to every High Court a court liquidator is attached—

> "....attached to a High Court and an order is passed by the High Court for the winding up of any banking company, then, ...the court liquidator shall become the official liquidator of the banking company....".

But a proviso has been introduced saying:

> "....unless the High Court having regard to the special circumstances obtaining in the case of the banking company...."

My amendment is to delete this portion so that in every case statutorily, when there is an order for winding up a banking company, the court liquidator will be the liquidator for winding up proceedings. I submit this loophole may sometimes lead to complications which will render infructuous the best intentions of this Bill itself. The Government has brought in this Bill with the good intention to expedite matters, so that the maximum amount of money may be realised from the debtors of the banking company in liquidation so that the creditors and the depositors may get substancial dividend, but by this Clause, I submit, much of the benefit may be taken away.

The third sub-clause, as you rightly remarked, Sir, relates to pending matters, and the proviso to sub-clause (3) is in respect of sub-clause (3) only, I submit. My interpretation is that it does not relate to sub-clauses (1) and (2), because under sub-clause (3) where there are pending proceedings in respect of winding up of a banking company, immediately this Act comes into force, the liquidator, if he is not the court liquidator or the Reserve Bank, will be deemed to have vacated his office automatically and the court liquidator will come in. The proviso is not applicable to sub-clauses (1) and (2). It reads:

> "Provided that where the High Court is of opinion that the appointment of the court liquidator would be detrimental to the interests of the depositors of the banking company,...."

That means, the High Court will have to apply its mind and find out and come to a decision if it is detrimental to the best interests of the creditors and the depositors, and then only the official liquidator will remain. So, this is a proviso to sub-clause (3) and does not relate, in my opinion, to sub-clauses (1) and (2). It is not such a harmful thing because the High Court will have to apply its mind and come to a decision in a pending matter whether the court liquidator taking over the proceedings from the official liquidator will be detrimental to the best interests of the depositors. I submit the Deputy Minister introducing this amendment "after giving the court liquidator and the Reserve Bank an opportunity of being heard" does not make much difference.

I would have been happy to withdraw my Amendment if he had explained how this helps the matter.

In the Clause as it was originally drafted, *viz:*

> "....unless the High Court, having regard to the special circumstances obtaining...."

the High Court was taken into confidence or trusted to see if there are special circumstances, but by introducing this Amendment

> "after giving the court liquidator and the Reserve Bank an opportunity of being heard".

an element of, may I say, distrust is brought in.

Mr. Deputy-Speaker: The two suggestions seem to be two extremes. On the one side it is said that they want absolutely no power to be given to the Court. And the hon. Member wants absolute discretion to be given to the Court.

Shri Debeshwar Sarmah: If we do not have trust in our Courts, let us have a totalitarian Government. That is an altogether different matter. That is a different matter, and that is a different prospect altogether. But when we have High Courts and Supreme Courts, they are the custodians of the rights and interests of the people, and Democracy cannot thrive, unless the courts enjoy the confidence of the population of the country. Therefore, I submit, that here, the hon. Deputy Minister has not done a bit of good service to the democracy—may I say, the young democracy—in India, by introducing these elements of a lack of complete confidence in our high judicial institutions. I hope he will be pleased to accept my amendment, on a second consideration.

Shri K. K. Basu: I have moved an amendment to proviso to sub-section (3) of the new section 38A, which reads:

> 'In page 2, line 33,
>
> *after* "opinion" *insert* "after giving the court liquidator and the Reserve Bank of India a hearing and for reasons to be recorded in writing".'

The principle has been accepted in the amendment moved by the hon. Deputy Minister, which reads:

> 'In page 2, line 33,
>
> *after* "High Court" *insert* "after giving the court liquidator and the Reserve Bank an opportunity of being heard":'

The hon. Minister has perhaps used a different language. I only want to add the words 'for reasons to be recorded in writing'.

Mr. Deputy-Speaker: Does the hon. Member want that this provision should apply to the High Courts and the Supreme Court? Only with respect to the lower courts, it is stated that the reasons should be given, so that the higher courts can scan and find out the position.

Shri K. K. Basu: The whole principle is that the High Court or the lower courts should record the reasons in writing. If the reasons are there, then any contributor or depositor who is interested, may move the higher court, by means of an appeal. Otherwise, he will not know on what grounds the decision was taken.

Shri U. M. Trivedi: Notice of this amendment has been given to us just now by the hon. Minister, and since you have accepted it, it is a different thing altogether. But our attention has not been drawn at all to the amendment to Section 38A (1), which reads:

> 'In page 2, line 5,
>
> *after* "appointed by it" *insert* "in consultation with the Central Government".'

What has the Central Government to do with the appointment of an official liquidator by the High Court? Every High Court appoints its own official liquidator. Under the letters patent, the High Court has full powers to appoint all its officebearers. By means of this amendment, we are trying to interfere with the powers of the High Court under the letters patent. It is not a small affair, Sir. I hope the hon. Deputy Minister will look into the matter. Why should the Central Government come in at all?

Mr. Deputy-Speaker: The hon. Member feels that the words 'in consultation with the Central Government' may be derogatory to the high prestige of the High Court. In that case, the words 'after considering the suggestions of the Central Government' can be inserted in their place.

Shri S. S. More: Even when the High Court appoints on its own behalf, it is bound to take the views of the Central Government into consideration. So, there is no necessity for these words to be there.

Pandit Thakur Das Bhargava: May I make a submission, Sir? In a matter of this kind, we should not be suspicious of the High Court. We are giving such plenary powers to the High Court by virtue of this Bill, by which they are the judges themselves, they are the accusers as well, and they do everything, they even hold summary trials, and hear the cases etc. So, my humble submission is....

Mr. Deputy-Speaker: Hon. Members have stated that lots of money have been spent on these official liquidators. In cases, where there has not been sufficient property, court liquidators have been appointed, and in other cases, where sufficient property is there, official liquidators have been appointed, and heavy commissions are also paid to them. That is the charge that has been levelled.

Pandit Thakur Das Bhargava: I would like to submit that whatever was done in the past has been done, we have heard condemnations, which appears to be true. So far as the amendment seeking to insert the words 'in consultation with the Central Government' is concerned, my humble submission is that we should not put in these words, because it would be derogatory to the High Courts. We must have faith in these High Courts. In Section 38A (2), the last three or four lines should be omitted. It should be the rule, as in the Bombay High Court, that when once an official liquidator is appointed, he alone should have the right and not anybody else....

Mr. Deputy-Speaker: What is the use of making an exception?

Shri A. C. Guha: I am willing to accept my hon. friend Shri Sarmah's amendment to omit the words 'unless the High Court.... of the banking company' in Section 38 A (2). But I, however, feel that the words 'in consultation with the Central Government' are necessary and should be put in, because we want that a right sort of person should be appointed. Therefore a provision has been made in the Companies Bill introduced in the House that the liquidator is to be appointed by the Central Government.

Mr. Deputy-Speaker: If the hon. Minister accepts the amendment of Shri Sarmah, for the omission of the words 'unless the High Court....' from Section 38A (2), the High Court is not vested with any power.

Shri A. C. Guha: The court liquidator shall be in charge of the liquidation proceedings of all banks to be centrally administered in future.

Mr. Deputy-Speaker: How does the amendment of the hon. Minister, for the insertion of the words 'in consultation with the Central Government' arise?

Shri A. C. Guha: That is in regard to the appointment of the liquidator.

Mr. Deputy-Speaker: Cannot the language be changed to 'after considering the recommendations of the Central Government'?

Shri A. C. Guha: If you would like to use better language, I am prepared to accept it. But the Central Government should somehow come in.

Mr. Deputy-Speaker: The Central Government cannot have the same position as the High Court. The Central Government may come and go, but the High Court is to appoint the liquidator....

Shri Sarmah: May I appeal to the hon. Deputy Minister, through you, Sir, that the insertion of these words would be the thin end of a dangerous principle? In the Estate Duty Bill also, we had used certain words and certain phraseology which amounted to casting some suspicions on the High

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Courts. Here also, the same sort of phraseology is attempted to be introduced.

Pandit Thakur Das Bhargava: This is not a question involving the Calcutta High Court only, but all the High Courts. They will all resent this. It is not a question of the Calcutta High Court only, in respect of which so much of condemnation has been expressed in this House, but of all the High Courts in India. They will all resent that the Central Government are just interfering in a matter which should be specially their own concern, under the letters patent. Otherwise also, when you invest a High Court with such powers as the appointment of an official liquidator, who is their own officer, the Central Government should not butt in. That is wrong in principle. In Calcutta, this may have happened, but we are making a law for all the High Courts in India.

Mr. Deputy-Speaker: In view of the fact that the High Court has to refer to this official liquidator in all cases, the appointment may well be given away to the High Court without any restrictions.

Shri A. C. Guha: The point is this. In all cases, according to my amendment the High Court has to refer the appointments to the Central Government. Practically, and in fact, the Central Government does not come into the picture at all. I think in Bombay, the procedure is that the Bombay Government, by a resolution, appoint the court liquidators. As I have pointed out earlier, in the Companies Bill before the House, a provision is made that the Central Government should appoint court liquidators, not only for the banks, but for all companies. Here, therefore, I feel, that the Central Government should somehow come in. If you can use better phraseology, I am ready to accept it.

Shri Sarmah: Why bring in the Central Government at all? Why not give the power to the High Court completely? (*Interruption*).

Mr. Deputy-Speaker: Order, order. We have had sufficient discussion over this matter. The hon. Minister feels that under the existing Act, the power to appoint an official liquidator is entirely that of the Central Government. They are conceding it to the Court. So, they want to have some say in the matter.

Shri A. C. Guha: Not in the existing Act, but in the Bill which we have introduced.

Mr. Deputy-Speaker: The question is one of substance now, which it is for the House to decide. I would suggest that the words 'after considering the recommendations of the Central Government' may be used in place of 'in consultation with the Central Government'.

Shri A. C. Guha: I do not think that would be quite proper. The Central Government should not be placed in such a position, as to make certain recommendations to the High Court, which may accept or reject those recommendations.

Mr. Deputy-Speaker: The words 'in consultation with the Central Government' also mean the same thing.

Shri Tek Chand (Ambala Simla): Either the appointing authority should be the High Court or not. So far as the High Court's discretion is concerned, that should not be taken away.

Shri A. C. Guha: The High Court judges also in a way are appointed by the Central Government.

Shri Tek Chand: They are appointed by the President. (*Interruptions*).

Mr. Deputy-Speaker: Order, order. Hon. Members cannot go on exchanging words in this manner.

I will put it to the vote of the House.

Shri Debeswar Sarmah: Before it is put to vote, let there be a happier phraseology.

Mr. Deputy-Speaker: 'After considering the recommendation of the Central Government'?

Shri A. C. Guha: May I make a suggestion? We may go to the next clause and come back to this clause after sometime.

Mr. Deputy-Speaker: Very well. Leave alone that amendment. I will put the other amendments to the vote of the House.

Shri S. S. More: Regarding this proviso, I believe, Sir, that it is not happily worded:

> "Provided that where the High Court is of opinion that the appointment of the court liquidator would be detrimental....".

Looking to the spirit of the whole Bill, it is urged that this liquidator will be to the best advantage. So I would rather suggest that if the High Court is of opinion that the continuation of the former is in the interest of the bank, then only he may continue.

Shri Debeswar Sarmah: No, no. That will be weaker. The present language is stronger and better.

Shri S. S. More: It goes against the spirit of it.

Mr. Deputy-Speaker: Positively it will be detrimental—that is what it comes to.

Shri K. K. Basu: The Minister has to reply to the suggestions.

Mr. Deputy-Speaker: What is the meaning of wringing out a reply from the hon. Minister? I am really surprised. (*Interruption*). There must be a limit to this.

Now I shall put item after item which has been agreed upon and leave the question of 'in consultation with the Central Government' for better drafting later. I will first of all put this portion over which there has been so much of controversy. The question is:

In page 2, lines 14 to 18—

omit "unless the High Court, having regard to the special circumstances obtaining in the case of the banking company and for reasons to be recorded. otherwise directs in the order for the winding up of the banking company".

The motion was adopted.

Mr. Deputy-Speaker: Then we go to line 15.

Shri A. C. Guha: All that automatically goes, Sir.

Mr. Deputy Speaker: Amendment No. 2 goes.

I will put amendment No. 3 to the vote of the House. It is a modification of the proviso.

The question is:

In page 2, line 33, *after* "High Court" *insert*:

> "after giving the court liquidator and the Reserve Bank an opportunity of being heard".

The motion was adopted.

Mr. Deputy-Speaker: Now the amendments of the hon. Member, Mr. T. K. Chaudhuri. Is he pressing them?

Shri T. K. Chaudhuri: No, Sir.

Mr. Deputy-Speaker: Mr. Basu.

Shri K. K. Basu: I am pressing only No. 57. If the Minister accepts 'for reasons to be recorded'......

Mr. Deputy-Speaker: Is the hon. Minister agreeable to reasons being recorded?

Shri A. C. Guha: I think it is not necessary. After the Reserve Bank and the court liquidator having been heard, the direction must be in writing. It cannot be anything else. It cannot be an oral direction.

Mr. Deputy Speaker: So amendment No. 57 is unnecessary.

Shri K. K. Basu: Sir, amendment No. 58.

Mr. Deputy-Speaker: "Provided further that in all such cases a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India and another one third shall be composed of the representatives of depositors".

This is in all cases, not the existing cases only. The hon. Member might have thought of it under the impression....

Shri K. K. Basu: In both cases.

Mr. Deputy-Speaker: He wants it now in all pending cases.

The question is:

In page 2, *after* line 37 *insert*:

> "Provided further that in all such cases a Committee of Inspection shall be appointed of which at least one third membership shall be composed of the court liquidator and the representatives of the Reserve Bank of India and another one third shall be composed of the representatives of depositors".

The motion was negatived.

Mr. Deputy-Speaker: Then amendment No. 16.

Shri Tulsidas: I am not pressing it. Sir.

Mr. Deputy Speaker: Therefore, now all the other amendments—except the one relating to 'in consultation with the Central Government'—are either carried or lost. I shall pass over clause 6 only for this purpose, and come back to it later on after the terms of the amendment are settled.

Shri A. C. Guha: May I say one thing? As regards the amendment that has been stayed so long, I am ready to accept, if the House agrees, that the court liquidator will be appointed by the Central Government—no mention of the High Court—as provided in the Bill to amend the Companies law.

Mr. Deputy-Speaker: In the Companies Law Bill there seems to be a provision that official liquidators will be appointed only by the Government. (*Interruptions*).

Shri U. M. Trivedi: That will be very dangerous.

Shri A. C. Guha: Or let it be 'in consultation with the Central Government'.

Mr. Deputy-Speaker: I must put it to the House.

Shri A. C. Guha: You may ask the Members whichever they would prefer. I am ready to accept either.

Mr. Deputy-Speaker: The only way the Chair is aware of consulting is to put it to the vote of the House.

Pandit Thakur Das Bhargava: What is the harm if the first recommendation of the hon. Minister is accepted? Now, according to law the Government may appoint official liquidators for all time. The High Court does not come in at all. He is an official liquidator, not an officer of the Court alone. There is no harm in accepting it.

Shri A. C. Guha: 'To be appointed by the Central Government'.

Mr. Deputy-Speaker: The Judge also is appointed by the Government. Why not the official liquidator? That is the view expressed by the Minister.

Shri A. C. Guha: 'To be appointed by the Central Government', not 'by it'.

Shri S. S. More: On a point of order, Sir. Will it not be inconsistent with the decision that we have already taken on the other clauses?

Mr. Deputy-Speaker: We are all subject to the earlier clauses. The tail cannot wag the head.

Shri S. S. More: We have already gone to the head. The House has already come to certain conclusions on clauses 2, 3 and 4.

Shri A. C. Guha: They do not relate to the appointment of the court liquidator. They are only about the functions..

Pandit Thakur Das Bhargava: It is only incidental.

Mr. Deputy-Speaker: Let us dispose of it. What is the good of spending more time? The question is:

In page 2, line 5, *for* "it" *substitute*—

"the Central Government".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7 was added to the Bill.

Mr. Deputy-Speaker: The consequential amendments are not many.

> "Provided that where the High Court after giving the court liquidator and the Reserve Bank.... is of opinion that the appointment of the court liquidator would be detrimental to the interests of the depositors...."

Notwithstanding the fact that the Central Government appoints under sub-clause (1), the proviso can still continue. If there are any consequential amendments before we complete..

Shri Tulsidas: Proviso to sub-clause (3).

Shri S. S. More: That will not remain. There will be conflict. Suppose the Central Government have appointed a liquidator under sub-clause (1).

Now, automatically under clause 2, the post will be vacated by the Official Liquidator previously appointed and the Court Liquidator will step into his shoes. Then how will the proviso come in?

Mr. Deputy-Speaker: Exceptions might be brought in.

Shri A. C. Guha: I shall simply point out to him, Sir, that the liquidator will be attached to the High Court and he will be under the jurisdiction of the High Court.

Mr. Deputy-Speaker: There has been an official liquidator all along attached to every court. Notwithstanding that, under the existing law, the High Court has been given the power to appoint other liquidators. Under sub-clause (2) it shall not be done with respect to future cases. Under sub-clause (3) with respect to pending cases, all work pending before any liquidator shall be transferred to the Official Liquidator.

Shri S. S. More: The Central Government has been given the power to appoint the liquidator. By retaining this proviso you are encouraging a sort of conflict between the High Court and the Government.

Shri Tek Chand: My submission is that there is an essential conflict between sub-clause (1) as amended, where the High Court is not the appointing authority any more. And now, the High Court, no longer being the appointing authority, becomes an interfering authority. That is to say, the Central Government appoints a Court Liquidator and the High Court can say, 'No'.

Mr. Deputy-Speaker: The world exists in conflicts. Now, all this is post-mortem.

Clause 8.— *(Substitutions of new sections)*

Mr. Deputy-Speaker: I am not going to call the names of hon. Members because there are a number of names. Whoever wants to move his amendment will kindly get up and give his name and the number of the amendments.

Shri K. K. Basu: I beg to move:

In page 3, line 11, *after* "account" *insert*—

> "and to every depositor in the current account with a maximum balance of five hundred rupees at his credit",

In page 3, line 12, *for* "one hundred" *substitute* "two hundred and fifty".

Shri T. K. Chaudhuri: I beg to move:

In page 3, line 11, *after* "account" *insert* "and to every depositor with a deposit upto rupees five thousand in the fixed or time deposit account".

In page 3, line 12, *for* "one hundred rupees" *substitute* "two hundred and fifty rupees".

In page 3, *after* line 18, *add*—

> "(3) The claims of the depositors in the savings bank, fixed and time deposit accounts of the banking company for the remaining portions of their booked credit shall rank, after the aforesaid preferential payments have been made to them, equally with the booked credit of other creditors and the remaining assets of the banking company shall be available for the general body creditors including the depositors in the savings bank, fixed and time deposit accounts to whom the aforesaid preferential payments have been made."

Shri D. C. Sharma (Hoshiarpur): I beg to move:

In page 3, line 12, *for* "one hundred" *substitute* "two hundred".

In page 3, line 13, *after* "credit" *insert*—

> "or an average of the deposit for the last six months".

Mr. Deputy-Speaker: Amendments moved:

In page 3, line 11, *after* "account" *insert*—

> "and to every depositor in the current account with a maximum balance of five hundred rupees at his credit".

In page 3, line 12, *for* "one hundred" *substitute* "two hundred and fifty".

In page 3, line 11, *after* "account" *insert* "and to every depositor with a deposit upto rupees five thousand in the fixed or time deposit account".

In page 3, line 12, *for* "one hundred rupees" *substitute* "two hundred and fifty rupees",

In page 3, *after* line 18, *add*—

> "(3) The claims of the depositors in the savings bank, fixed and time deposit accounts of the banking company for the remaining portions of their booked credit shall rank, after the aforesaid preferential payments have been made to them, equally with the booked credit of other creditors and the remaining assets of the banking company shall be available for the general body

creditors including the depositors in the savings bank, fixed and time deposit accounts to whom the aforesaid preferential payments have been made."

In page 3, line 12, *for* "one hundred" *substitute* "two hundred".

In page 3, line, 13, *after* "credit" *insert*—

"or an average of the deposit for the last six months".

Shri T. K. Chaudhuri: Mr. Deputy-Speaker, Sir, clause 8 of the amending Bill before us is a very important one, although the actual provision it makes particularly in section 43A with respect to preferential payment to small depositors seems to be a very small one. The preferential claim of small depositors in the Savings Banks are protected up to the extent of Rs. 100. Although the Government have incorporated this sub-section according to the recommendations of the Banks Liquidation Proceedings Committee, I beg respectfully to differ from the operative portion of the recommendation of the Committee in this respect. If we are to give any sort of protection to small investors and small depositors, then that protection must be substantial. What is the meaning of recognising a preferential claim only up to Rs. 100?

The Banks Liquidation Proceedings Committee themselves referred in the foot-note on page 10 of their report that in Switzerland the Banking law provides that savings deposits including time deposits—that is fixed deposits—shall have a prior claim up to 500 francs per depositor. In the Argentine law, to which they refer, it goes farther. Here also in the matter of savings deposits, which includes time deposits, preferential claims up to 5,000 pesos in respect of accounts in private names and 10,000 pesos in respect of accounts held by co-operative and mutual benefit societies are recognised. They are entitled to preferential treatment on the general assets of the Bank subject to the priority of claims of certain other privileged creditors.

We must also recognise the fact that here in our country there is no system of deposit insurance. It is very much necessary that the preferential claims of depositors should be recognised. But, I do not understand why the preferential claims of the depositors only in savings banks should be recognised. In all the countries to which the Banks Liquidation Proceedings Committee has referred, the depositors in the time deposit accounts have been given, by law, the same status as the savings banks depositors. You know, Sir, in our country the directors of small banks or persons concerned with the administration of those banks often go to the middle class people and induce them by offering high rates of interests to invest in fixed deposits. So, I think that not only depositors in the savings banks accounts but also depositors in the time or fixed deposit accounts should be given some sort of protection and their preferential claims should be recognised. Amendments Nos. 20 and 21 moved by me seek to secure this.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

So far as my amendment No. 22 is concerned, it only seeks to clarify a doubt that has occurred to me, whether, after the payment of the preferential claims of the small depositors which are recognised, they will have any claim on the remaining assets of the banking company. I do not know if it is unnecessary. If it is so, I do not press it; but I would like the hon. Minister to look into that amendment.

I would also request him to look into the amendment of Pandit D. N. Tiwary, amendment No. 33.

An. Hon. Member: It has not been moved.

Shri T. K. Chaudhuri: It is not necessary that it should be moved but the principle may be accepted by the hon. Minister himself. Pandit Tiwary wants that the preferential claims of public institutions should also be recognised. I

[Shri T. K. Chaudhuri]

do not know what he means by public institutions, whether they are public charitable institutions or something like that. If that be so, I have no objection. In a way the preferential claims of such institutions as co-operative societies, schools and hospitals and other public institutions should be recognised. I would request the hon. Minister to take that aspect of the matter into consideration. I also want that the preferential claim instead of being limited to Rs. 100, should be extended to Rs. 250, if you really want to give any substantial and not token relief.

Mr. Chairman: The hon. Deputy-Speaker has fixed 5-30 P.M. as the time within which the amendments should be finished and I hope the House will stick to it. Why does the hon. Member there stand? Does he wish to speak?

Shri D. C. Sharma: Otherwise what is the fun in my getting up, Sir? My amendments have been moved and I wish to speak on them.

Mr. Chairman: All right

Shri D. C. Sharma: My amendments are far-reaching in character. The purpose of this Bill, apart from other things, is to help the small depositor. I do not know what is meant by a 'small depositor'. If you take the income as the criterion, I will say that even though a person is small economically, to give him a relief only to the extent of Rs. 100 is very insignificant. I think it is something which is not worthy of an institution which seeks to protect. The so-called middle-class depositors or the so-called small depositors, whose banking account is only upto Rs. 100, are non-existent in India. I think there is a group of persons in this country with large interests who come to these banks. I would urge, Sir, that we should raise the limit to, at least Rs. 200. Unless we do this, I think the banking companies in liquidation will get off with a lot of money. At the same time I support the amendment which has been moved by Pandit Tiwary that public institutions must be protected. I know a case in the Punjab—I do not wish to mention the name—of a college. The provident fund of most of the teachers had been put in a bank and somehow that bank went into liquidation. I don't want to go into the causes of its liquidation. All the money of those poor teachers was gone. The teachers, poor teachers, went about without having any means of subsistence simply because the bank had practically taken away all their savings—that is, the provident fund. I therefore say, Sir, that the hon. Minister who has feelings of kindness for the small depositor and public institutions, will kindly accept this amendment. The small depositor should be helped upto Rs. 200, and all public institutions, whose reserve funds are in the hands of these banks, should be protected. I am generalising from my experience of the Punjab, and I expect other States will have similar cases. These public institutions, if we want to keep them going, must have this protection.

Shri K. K. Basu: I do not wish to take any more time of the House. The only point I wish to emphasise is that depositors, whose maximum balance in the current account is five hundred rupees should be placed in the category of small depositors. Most of these banks had their money from the middle class or small depositors and as my hon. friend pointed out, Rs. 100 is too small a payment. If it is meant to be of any tangible benefit to them, it should at least be increased to Rs. 250. That is all I have to say on my two amendments.

Shri A. C. Guha: I think the hon. Member must have realised from the paper submitted that if preferential creditors are given Rs. 250, then there will be hardly anything left for other depositors.

Shri K. K. Basu: If nothing is left after paying Rs. 100, then what happens?

Shri A. C. Guha: Sir, I think this clause should be read with clause 230 of the Indian Companies Act. The suggestion of the provident fund of employees is covered by clause 230 of the Indian Companies Act. There are six categories of preferential creditors besides this and this is the seventh. I hope the hon. Member will not press for any further increase in the amount.

Mr. Chairman: The question is:

In page 3, line 11, *after* "account" *insert* "and to every despositor with a deposit upto rupees five thousand in the fixed or time deposit account".

The motion was negatived.

Mr. Chairman: The question is:

In page 3, line 11, *after* "account" *insert*—

> "and to every depositor in the current account with a maximum balance of five hundred rupees at his credit".

The motion was negatived.

Mr. Chairman: The question is:

In page 3, line 12, *for* "one hundred rupees" *substitute* "two hundred and fifty rupees".

The motion was negatived.

Mr. Chairman: The question is:

In page 3, line 12, *for* "one hundred" *substitute* "two hundred".

I am not clear as to the opinion of the House. Let me put it again.

Shri S. S. More: You are importing your own knowledge into it, Sir.

Mr. Chairman: I can't say anything without my own knowledge.

The question is.

In page 3, line 12 *for* "one hundred" *substitute* "two hundred".

The motion was negatived.

5 P.M.

Mr. Chairman: The question is:

In page 3, line 13, *after* "credit" *insert*—

> "or an average of the deposit for the last six months".

The motion was negatived.

Mr. Chairman: The question is:

In page 3, *after* line 18, *add*—

> "(3) The claims of the depositors in the savings bank, fixed and time deposit accounts of the banking company for the remaining portions of their booked credit shall rank, after the aforesaid preferential payments have been made to them, equally with the booked credit of other creditors and the remaining assets of the banking company shall be available for the general body creditors including the depositors in the savings bank, fixed and time deposit accounts to whom the aforesaid preferential payments have been made."

The motion was negatived

Mr. Chairman: The question is:

"That clause 8 stand part of the Bill".

The motion was adopted.

Clause 8 was added to the Bill.

Clause 9 was added to the Bill

Clause 10.—(*Substitution of new Part etc.*).

Shri A. C. Guha: I beg to move:

In page 4, line 27, *after* "later" *insert* "or such further time as the High Court may allow."

In page 11, line 19, *for* "shall, as far as may be," *substitute* "in so far as they relate to banking companies being wound up shall also."

In page 13—

(i) *after* line 12, *insert*—

> "45V. *References to directors etc. shall be construed as including references to past directors etc.*—For the removal of doubts it is hereby declared that any

[Shri A. C. Guha]

reference in this Part to a director, manager, liquidator, officer or auditor of a banking company shall be construed as including a reference to any past or present director, manager, liquidator, officer or auditor of the banking company."

(ii) in lines 13 and 16, *for* "15V" and "45W" *substitute* "45W" and "45X" respectively.

In page 7, *after* line 9, *add*—

"Provided that no such person shall be publicly examined unless he has been given an opportunity to show cause why he should not be so examined".

Mr. Chairman: Amendments moved:

In page 4, line 27, *after* "later" *insert* "or such further time as the High Court may allow."

In page 11, line 19, *for* "shall, as far as may be," *substitute* "in so far as they relate to banking companies being wound up shall also".

In page 13—

(i) *after* line 12, *insert*—

"45V. *References to director etc. shall be construed as including references to past directors etc.*—For the removal of doubts it is hereby declared that any reference in this Part to a director, manager, liquidator, officer or auditor of a banking company shall be construed as including a reference to any past or present director, manager, liquidator, officer or auditor of the banking company."

(ii) in lines 13 and 16, *for* "45V" and "45W" *substitute* "45W" and "45X" respectively.

In page 7, *after* line 9, *add*—

"Provided that no such person shall be publicly examined unless he has been given an opportunity to show cause why he should not be so examined".

Shri V. B. Gandhi: I beg to move:

In page 5, line 7, *omit* "wherever necessary".

In page 5, line 8, *after* "affected" *insert*—

"and shall cause such notices to be published in the Gazette and for at least once a week for three consecutive weeks in not less than two newspapers which circulate in the locality where the registered office of the banking company is situated, one of such newspapers being in a language commonly understood in the locality".

In page 5, line 46, *for* "thirty" *substitute* "forty-five".

In page 6, line 6,* *for* "thirty" *substitute* "forty-five".

Mr. Chairman: Amendments moved:

In page 5, line 7, *omit* "whereever necessary".

In page 5, line 8, *after* "affected" *insert*—

"and shall cause such notices to be published in the Gazette and for at least once a week for three consecutive weeks in not less than two newspapers which circulate in the locality where the registered office of the banking company is situated, one of such newspapers being in a language commonly understood in the locality".

In page 5, line 46, *for* "thirty" *substitute* "forty-five".

Shri Tulsidas: I beg to move:

In page 5, line 47, *after* "the date of" *insert* "his receiving notice of".

Mr. Chairman: Amendment moved:

In page 5, line 47, *after* "the date of" *insert* "his receiving notice of".

Shri Tulsidas: I beg to move:

In page 7,* *after* line 9, *insert*—

"Provided that bank directors shall not be liable to be examined in regard to a loss if they have taken reasonable care in conducting and supervising the bank's business.

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*Deemed to have been negatived in view of the adoption of clause 10.

Provided further that before a director is publicly examined he shall be given an opportunity to examine the report made against him by the liquidator and to show cause why he should not be publicly examined on the basis of the report".

I beg to move:

In page 7, line 2, *after* "been" *insert* "within a period of three years prior to the order of winding up."

In page 7, *omit* lines 31 to 35.

In page 7, *for* lines 31 to 35 *substitute*—

"(8) Notes of the examination shall be taken down in writing, and shall be read over to or by, and signed by the person examined and shall be open to the inspection of any creditor or contributory at all reasonable times.

Provided that in the case of the directors of a banking company in respect of which the winding up order has been made before the commencement of the Banking Companies (Amendment) Act, 1953, such evidence may thereafter be used in evidence against him in any proceeding, civil or criminal."

Mr. Chairman: Amendments moved:

In page 7, line 2, *after* "been" *insert* "within a period of three years prior to the order of winding up."

In page 7, *omit* lines 31 to 35.

In page 7, *for* lines 31 to 35 *substitute*—

"(8) Notes of the examination shall be taken down in writing, and shall be read over to or by, and signed by the person examined and shall be open to the inspection of any creditor or contributory at all reasonable times.

Provided that in the case of the directors of a banking company in respect of which the winding up order has been made before the commencement of the Banking Companies (Amendment) Act, 1953, such evidence may thereafter be used in evidence against him in any proceeding, civil or criminal."

Shri Tulsidas: I beg to move:

In page 11, lines 17 and 18, *for* "twelve years from the date of the accrual of such claims" *substitute* "as provided in the Indian Limitation Act, 1908 (IX of 1908)".

Inpage 10, (i) line 40, *omit* "civil"; and

(ii) *omit* lines 41 and 42.

Mr. Chairman: Amendments moved:

In page 11, lines 17 and 18, *for* "twelve years from the date of the accrual of such claims" *substitute* "as provided in the Indian Limitation Act, 1908 (IX of 1908)".

In page 10, (i) line 40, *omit* "civil" and

(ii) *omit* lines 41 and 42.

Shri T. K. Chaudhuri: I beg to move:

In page 8, line 4,* *for* "manager" *substitute* "official".

I also beg to move:

In page 10, line 9, *after* "director" *insert* a comma and "official".

Mr. Chairman: Amendment moved:

In page 10, line 9, *after* "director" *insert* a comma and "official".

Mr. Chairman: We will take section by section. For Sections 45A and 45B, there are no amendments. Then, Section 45C.

Shri A. C. Guha: I have moved amendment No. 2—under Section 45C. I have nothing to say on that. It is quite clear.

Mr. Chairman: I take it that under 45C, this is the only amendment. Then, 45D.

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*Deemed to have been negatived in view of the adoption of clause 10.

Shri Tulsidas: I have moved my amendment—No. 39.

Mr. Chairman: May I just say a word? So far as sections 45A and 45B are concerned, there are no amendments. So far as 45C is concerned, there is only one amendment —amendment No. 2. Amendment No. 2 has been moved by Shri A. C. Guha.

The question is:

In page 4, line 27, *after* "later" *insert* "or such further time as the High Court may allow".

The motion was adopted.

Mr. Chairman: Then, we proceed to section 45D, and amendment No. 39 has been moved. Shri Tulsidas.

Shri Tulsidas: Sir, according to section 45D, sub-clause (9), "in any case in which any such list is settled *ex parte* as against any person, such person may, within thirty days from the date of the order settling the list, apply to the High Court for an order to vary such list, so far as it concerns him, and if the High Court is satisfied that he was......" etc. The proviso under this clause says:

> "Provided that the High Court may, if it so thinks fit, entertain the application after the expiry of the said period of thirty days."

In my opinion, Sir, this amendment will lead to a lot of inconvenience in case of large companies, as the number of members is large in such companies. In such cases, many persons may not know of the settlement of the list and many persons may not know even about the procedure of settling the list. I therefore suggest that the period of thirty days should run from the date of such person receiving the notice of the order of settling the list. The reason is this: I shall read the clause. It says—at page 5:

> "In any case in which any such list is settled *ex parte* as against any person, such person may, within thirty days from the date of the order settling the list, apply to the High Court for an order to vary such list, so far as it concerns him."

The thirty days' time provided here is from the date of the order. What I am trying to suggest by my amendment is that this period must be counted from the date of receipt of notice by the person concerned.

Shri R. K. Chaudhuri: Would it not be covered by the proviso? You can get the time extended.

Shri Tulsidas: I feel that the time-limit of thirty days provided here is too short: at least it should be made applicable from the date of receipt of notice by the person concerned. In the case of big concerns, particularly it would be difficult for people to know whether their name is included in the list or not.

Mr. Chairman: Is the hon. Minister accepting the amendment?

Shri A. C. Guha: I am not accepting it.

Shri Tulsidas: May I know the reasons?

Mr. Chairman: He is not bound to give the reasons.

The question is:

In page 5, line 47, *after* "the date of" *insert* "his receiving notice of."

The motion was negatived:

Shri V. B. Gandhi: Sir, my amendment No. 36 seeks to *omit* the words "wherever necessary" from line 7.

This will make it incumbent upon the High Court to issue notices in all cases.

The other amendment which I have moved is No. 37. Here the clause contemplates that notices will be issued to all persons. Probably the method of issue of notices will be provided in the rules. We do not know what the rules will be. But if those rules are to follow the suggestions made by the Banks Liquidation Proceedings Committee, then these notices will be issued by registered post. These notices will by taken as having been issued whether or not they were received actually or refused by the persons. Now, Sir, it is very necessary, in view of this new method of settling the lists that we are going to adopt, that all care should be taken that due notice is given to all persons concerned. Now, it is surprising, Sir, that the Government has not considered the weighty opinion on this subject of authorities like the Judicial Commissioner, Ajmer. On this point the Judicial Commissioner, Ajmer, says:

> "The service of notice envisaged in paragraph 47(7) (this refers to the paragraph of the Banks Liquidation Proceedings Committee) would be too drastic The service should not be deemed to be sufficient, unless either the notice has been accepted or actually refused. In paragraph 47(7) the word 'may' should be changed to 'shall'."

Similarly, the Reserve Bank of India has given an opinion on this subject which is worthy of our consideration. I have, therefore, suggested that it would not be enough just to send these notices by post, but it should also be necessary to publish them.

The Reserve Bank of India, in its opinion, categorically says:

> "Notice referred to in clause (7) of draft to be published in the Gazette or newspaper to ensure publicity."

In view of this new procedure of settling the list that we are trying out, for the first time, I think all this due care should be taken, and I hope Government will find it possible to accept my amendment suggesting publication of these notices.

In my amendment No. 38 I have suggested the substitution of the words "thirty" by the words "forty five".

Shri K. K. Basu: May I request the Deputy Minister to accept at least the amendment (No. 38) of Mr. Gandhi to extend the period, as he has always been the champion of small banks? This is necessary because a bank in Calcutta may have branches in small towns.

Mr. Chairman: Is there any other amendment to 45D?

Shri C. R. Iyyunni (Trichur): I have two amendments, No. 63 and No. 64. Of course No. 63 is the same as one of the amendments moved by Mr. Gandhi.

Mr. Chairman: Then it need not be moved.

Shri C. R. Iyyunni: I shall move No. 64. I beg to move:

In page 5, line 8, *after* "affected" *insert* "in such manner as it deems necessary".

The clause reads "On receipt of any list under sub-section (2), the High Court shall, wherever necessary"—of course, my amendment No. 63 refers to that and seeks the deletion of the words "wherever necessary"—"cause notices to be issued on all persons affected". In view of the fact that the words "wherever necessary" are sought to be deleted, it will be necessary to say as to how the notices have to be issued. Therefore I have said "in such manner as it deems necessary". Notice has to be issued under any circumstances. The High Court has no power to say that no notice need be issued. It is not its business. The High Court has to issue a notice. But the form in which the notice is to be issued will be decided by the High Court. That is the gist of the amendment (No. 64) that I have moved.

Mr. Chairman: Amendment moved:

In page 5, line 8, *after* "affected" *insert* "in such manner as it deems necessary".

Shri A. C. Guha: In regard to amendment No. 38 I would like to point out to hon. Members that the proviso is there, namely, that the High Court may, if it so thinks fit, entertain the application after the expiry of the said period of thirty days. It is open to the High Court to do so and give more time, and it is expected that the High Court will act in such cases in a reasonable manner.

Shri K. K. Basu: I just want to point out......

Mr. Chairman: May I suggest that this is not the way of arguing the case? The hon. Minister has made his argument. You either accept it or reject it. If I allow this counter-argument at every stage, then he must have the right of replying to that. For giving a longer date they say the court has the discretion or they want proof, etc.

Shri K. K. Basu: That is why I say...............

Mr. Chairman: I understand. All Members understand it.

Shri K. K. Basu: Courts hardly exercise the discretion.

Shri A. C. Guha: The High Court is expected to act in that manner.

Shri K. K. Basu: They don't, except in a very restricted number of cases.

Mr. Chairman: I shall now proceed to put the amendments to the vote of the House.

The question is:

In page 5, line 7, *omit* "wherever necessary".

The motion was negatived.

Mr. Chairman: The question is:

In page 5, line 8 *after* "affected" *insert*—

"and shall cause such notices to be published in the Gazette and for at least once a week for three consecutive weeks in not less than two newspapers which circulate in the locality where the registered office of the banking company is situated, one of such newspapers being in a language commonly understood in the locality".

The motion was negatived.

Mr. Chairman: The question is:

In page 5, line 46, *for* "thirty" *substitute* "forty-five".

The motion was negatived.

Mr. Chairman: Now I shall put amendment No. 64 moved by Shri Iyyunni.

Shri A. C. Guha: May I enquire, Sir, if you have extended the time?

Mr. Chairman: The Bill must be disposed of, and I do not want to dispose it of in such a hasty manner. I would rather like.........

Shri A. C. Guha: I was enquiring to know what time would be available to me.

Mr. Chairman: I would only request hon. Members to shorten their speeches and to do the whole thing in a businesslike manner. We know the time at our disposal. We must finish the Bill at least today. The utmost time that Shri Tulsidas wanted was that the whole day may be spent on this, and I think that the whole day may be spent in such a manner that the Bill is finished.

Shri R. K. Chaudhuri: Why should we rush through? It is all right for the Business Advisory Committee to recommend. But Members want to speak.

Mr. Chairman: I do not understand the objection of the hon. Member. The whole House has been agreeable. The time has been extended twice. And yet he says it is rushed.

Shri R. K. Chaudhuri: It was extended twice for good reasons.

Mr. Chairman: The hon. Member can have his comment outside. He need not comment here. The question is:

In page 5, line 8, *after* "affected" *insert* "in such manner as it deems necessary".

The motion was negatived.

Mr. Chairman: We will now proceed to 45E. Are there any amendments to 45E? None.

Then we will proceed to 45F. Any amendments to 45F? None.

We proceed to 45G.

Shri Tulsidas: I beg to move:

In page 6, line 49, *before* "of any person" *insert* "or gross negligence or mismanagement".

This section provides that the liquidator shall submit a report whether in his opinion any loss has been caused to the banking company since its formation by any act or omission (whether or not a fraud has been committed by such act or omission) of any person. The expression 'act or omission' is very wide. As the section is in the nature of a penal section, it is necessary that it should be precise in its terms and should not give vague powers to the liquidator and the court. It will be seen that the report of the Committee, in para 61, suggests that the liquidator should investigate into the conduct of the directors regarding their management. I suggest, Sir, that the directors should not be liable unless there was some mismanagement. I suggest that the expression 'act or omission' should be qualified by the addition of the words 'gross negligence or mismanagement'. That is exactly the point that even the report of the Banking Companies Liquidation Proceedings Committee has suggested. I think the provision is very wide and I would request the hon. Minister to accept my amendment.

Mr. Chairman: Any other amendment?

Shri A. C. Guha: I have an amendment.

Shri V. B. Gandhi: I want to move amendments numbers 46, and 48.

Mr. Chairman: Yes.

Amendment moved:

In page 6, line 49, *before* "of any person" *insert* "or gross negligence or mismanagement".

Shri V. B. Gandhi: I beg to move:

In page 7, line 37, *for* "(whether a fraud has been committed or not)" *substitute* "that a fraud has been committed and".

Mr. Chairman: Amendment moved:

In page 7, line 37, *for* "(whether a fraud has been committed or not)" *substitute* "that a fraud has been committed and".

Shri V. B. Gandhi: I beg also to move:

In page 7, lines 41 and 42, *for* "is not fit" *substitute* "should be disqualified".

Mr. Chairman: Amendment moved:

In page 7, lines 41 and 42, *for* "is not fit" *substitute* "should be disqualified".

Shri Iyyunni: I want to move my amendment No. 69.

Mr. Chairman: Let the hon. Member speak.

Shri Tulsidas: I have got other amendments also, Sir.

Shri V. B. Gandhi: My amendment refers to.............

Mr. Chairman: May I humbly say that the hon. Member need not go on reading out his amendment or giving the purport of the amendment. It is apparent on the face of it. If he has got any arguments, he may advance them. Reading it and telling the House what the purport of the amendment is, is obviously useless at this stage.

Shri V. B. Gandhi: I am not reading it, Sir. It is intended that the court should have the power to disqualify a director or auditor whether a fraud has been committed or not. I say that this disqualification should be incurred only in circumstances where a fraud has been proved. It is a very novel suggestion and it is surprising that such a suggestion should find a place in this bill. It is also contrary to the considered opinion of the Company Law Committee. That Company Law Committee had specifically stated that to the list of disqualifications set out in the Act of 1930, we would add the disqualification provided for in section 188 of the English Companies Act of 1948. The effect of this Section is that a person guilty of an offence mentioned in it may be disqualified. Here, Sir, we are trying to do something which, I do not think, is consistent with any idea of justice or fairness.

Now, I will take up amendment No. 48. Here, the disqualification which has to be imposed by the High Court has to be preceded by an expression of opinion that the director or auditor "is not fit" to be a director or an auditor. I do not see any good reason why we should go out of our way and give reasons for disqualification. If you are going to declare a director to be unfit, if you are going to say that it is the court's considered opinion that a director or auditor is unfit for 5 years, after 5 years, how do you admit that he becomes fit? Besides, there is no reason why we should use such a language which hurts any class. Our purpose is disqualification. I am not against power being given to the High Court to disqualify any director or auditor, particularly the directors who are guilty of misfeasance, or misapplication or retainer, or breach of trust or any other kind of fraud. They should just be disqualified. That is one way of expressing ft without hurting any class of people. This expression of opinion about fitness is, I think not necessary and is not very fair.

Mr. Chairman: Any other amendment?

Shri Tulsidas: Sir, I have moved amendments 66, 43, 11 and 26.

Mr. Chairman: I only want to know whether he has any other amendments to Section 45G.

Shri Tulsidas: These are all for section 45G. I want to speak on them.

Mr. Chairman: He wants to take time in the Third Reading also.

Shri Tulsidas: I would request you, Sir, to examine this matter. It is a very important one.

Mr. Chairman: This is a very important matter, I know. I have gone through the provisions. At the same time, it is also very important that we should finish today. The hon. Member is a party to the fixing of the time of the Business Advisory Committee. He ought to have seen that 2 or 3 days are fixed. We are bound by that decision and the whole House has accepted it. He can speak very briefly.

Shri Tulsidas: In amendment No. 62,.........

Mr. Chairman: He has not indicated amendment No. 62.

Shri Tulsidas: I am speaking on amendment No. 66. This clause provides, if the High Court is of opinion that any person including a director past or present should be publicly examined, it shall hold a public sitting. It will be seen that it is not intended that any opportunity should be given to the director to give any explanation before the order is made for public examination. By amendment No. 43 I am trying to make....

Mr. Chairman: Amendment No. 66.

Shri Tulsidas: Amendments 66 and 43 are the same.

Mr. Chairman: Amendment No. 66 is referring to three years prior to the winding up. It has nothing to do with this.

Shri Tulsidas: Amendment 66 relates to page 7, line 3.......

Mr. Chairman: It has reference to line 2.

Shri Tulsidas: Line 3, Sir. After the word 'company' the following to be added: "at the date of winding up or at any time three years prior thereto,". That is the amendment that I have moved and that is the point that I am making.

Again, Sir, para. 61 of the report of the Liquidation Proceedings Enquiry Committee limits the recommendation to a person who was a director at the time of the winding up order or at any time three years prior thereto. This limit has been omitted from the Bill. While the Committee has made this recommendation, the Bill has been drafted differently. That is why I am pointing out that my amendment is in line with the Committee's recommendation and I request the hon. Minister to accept this amendment.

As regards amendment No. 43, Sir, on page 7 line 9, I want to add a proviso as follows:

> "Provided that bank directors shall not be liable to be examined in regard to a loss if they have taken reasonable care in conducting and supervising the bank's business".
>
> Provided further that before a director is publicly examined he shall be given an opportunity to examine the report made against him by the liquidator and to show cause.............".

Shri A. C. Guha: If I may interrupt, Sir, I have moved an amendment on similar lines.

Shri Tulsidas: Then, I do not want to move my amendment.

Mr. Chairman: It will be taken as not placed before the House.

Shri A. C. Guha: May I add that I have myself moved an Amendment adding, a proviso practically covering the hon. Member's point? It is Amendment No. 67 which reads:

> In page 7, *after* line 9, *add*—
>
> "Provided that no such person shall be publicly examined unless he has been given an opportunity to show cause why he should not be so examined".

Shri Tulsidas: My Amendments No. 11 and 26 are alternatives: I am requesting the hon. Minister to consider and accept them. In Amendment No. 11 I have suggested that lines 31 to 35 be omitted, and in my Amendment No. 26 I have redrafted sub-clause (8). Sub-clause (8) only says that the deposition of a director of a banking company might be used in evidence against him in any proceeding, civil or criminal. This proposal strikes at the very root of the safeguard provided by the law of criminal procedure to the accused person. The safeguard is that in criminal proceedings the accused is not subject to any examination or cross-examination and the prosecutor has to establish his case without the aid of any admissions he might be able to obtain from the accused later by examining and cross-examining. The desirability of retaining this safeguard in criminal proceedings is evident, when one considers how often an honest witness is led by the skill of a cross-examining counsel to make statements that are both untrue and prejudicial to the interests of the witness. It would be a grave injustice to the witness if an untrue statement made by him under the stress of cross-examination were used as evidence against him in his trial for an offence. The directors of a banking company in liquidation who will be examined in accordance with this clause would have to face cross-examination by the liquidator or his counsel, and it would be very unfair to them if statements made by them......

Mr. Chairman: I am afraid if he goes on at this rate reading every word of what he has written out, it will not do, because the same idea is

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being expressed in different language. If he has made one point, he need not repeat.

Are there any other Amendments?

Shri A. C. Guha: I have another Amendment to Clause 45G.

I beg to move:

In page 7, line 28, *for* "or suggestions made" *substitute* "made or suggested".

Mr. Chairman: Amendment moved:

In page 7, line 28, *for* "or suggestions made" *substitute* "made or suggested".

Shri T. K. Chaudhuri: I have three Amendments, No. 23, 24 and 25. They are of the same character. I want to make the officials, along with the directors and auditors, liable for public examination.

I beg to move:

In page 6, line 51, *after* "director" *insert* a comma and "official"

In page 7, line 2, *after* "director" *insert* a comma and "official".

Mr. Chairman: Amendment moved:

In page 6, line 51, *after* "director" *insert* a comma and "official".

In page 7, line 2, *after* "director" *insert* a comma and "official".

Shri T. K. Chaudhuri: I also beg to move:

In page 7, line 5, *after* "director" *insert* a comma and "official".

Mr. Chairman: Amendment moved:

In page 7, line 5, *after* "director" *insert* a comma and "official".

Shri C. R. Iyyunni (Trichur): I beg to move:

In page 7, line 48, *before* "partner" *insert* "active".

According to the present Clause, after the examination of the director is over, the High Court has got the power to say that a certain director or an auditor is unfit to be a director or to audit the accounts of other concerns. Here it is said:

> "..the High Court may make an order that that person shall not, without the leave of the High Court, be a director of, or in way, whether directly or indirectly, be concerned or take part in the management of any company or, as the case may be, act as an auditor of, or be a partner of a firm acting as auditors of, any company for such period not exceeding five years as may be specified in the order".

I say that before the word "partner", the word "active" may be inserted. An Auditor may have committed some offence or may not have, but in the opinion of the High Court he has committed it. In a partnership there would be a number of persons involved. Because of this gentleman being disqualified to act as an Auditor, probably he will have to get away from the firm completely. Such a position need not be brought about if the word "active" is added on before the word "partner".

Mr. Chairman: Amendment moved:

In page 7, line 48, *before* "partner" *insert* "active".

Mr. Chairman: I put the Amendments to the vote of the House.

The question is:

In page 6, line 49, *before* "of any person" *insert* "or gross negligence or mismanagement".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 37, *for* "(whether a fraud has been committed or not)" *substitute* "that a fraud has been committed and".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, lines 41 and 42, *for* "is not fit" *substitute* should be disqualified"

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 2, *after* "been" *insert* "within a period of three years prior to the order of winding up".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, *omit* lines 31 to 35.

The motion was negatived.

Mr. Chairman: I am putting Amendment No. 26 to the vote of the House.

Shri Tulsidas: May I just speak? I would like to appeal to the hon. Minister about Amendment No. 26.

Mr. Chairman: The hon. Member has made his speech. At this stage, when the Amendment is being put to the vote, I am sorry I cannot allow him.

The question is:

In page 7, *for* lines 31 to 35 *substitute*—

> "(8) Notes of the examination shall be taken down in writing, and shall be read over to or by, and signed by the person examined and shall be open to the inspection of any creditor or contributory at all reasonable times:
>
> Provided that in the case of the directors of a banking company in respect of which the winding up order has been made before the commencement of the Banking Companies (Amendment) Act, 1953, such evidence may thereafter be used in evidence against him in any proceeding, civil or criminal."

The motion was negatived.

Mr. Chairman: The question is:

In page 6, line 51, *after* "director" *insert* a comma and "official".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 2, *after* "director" *insert* a comma and "official".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 5, *after* "director" *insert* a comma and "official".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 48, *before* "partner" *insert* "active".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 28, *for* "or suggestions made" *substitute* "made or suggested".

The motion was adopted.

Mr. Chairman: The question is:

In page 7, *after* line 9, *add:*

> "Provided that no such person shall be publicly examined unless he has been given an opportunity to show cause why he should not be so examined."

The motion was adopted.

Mr. Chairman: Now we proceed to 45H. Are there any Amendments?

Shri Tulsidas: Yes, Sir. There is my Amendment No. 12. According to Clause 45H, on a *prima facie* case being made out against a director or an officer under Section 235 of the Indian Companies Act, the onus should lie on him to prove his innocence. The proposal makes no departure from the law now prevailing. Even under the existing law, the person who, in any civil proceedings, has *prima facie* been shown to be liable or is held by the Court to be liable.........

Mr. Chairman: His Amendment is really for the elimination of this Clause. I do not allow this Amendment to be moved. But he can certainly speak. Does the hon. Member want to speak?

Shri Tulsidas: If you do not allow me to move my amendment, what is the use of speaking?

Mr. Chairman: Just now the hon. Member can speak.

Shri Tulsidas: I oppose this clause. Here is an instance, when on a *prima facie* case, a director or an officer of the bank can be prosecuted. I would like to know why the Reserve Bank, which has got all the powers in this connection, are not utilising those powers positively. I would like to give you one or two instances, where a large number of claims have been made on a *prima facie* case on officers as well as directors. In the case of the Exchange Bank of India, the total claims made on the auditors were to the tune of Rs. 38 lakhs, and they were settled for Rs. 12,000. Similarly in the case of the Associated Banking Corporation, there was a joint claim against the directors and the auditors, for Rs. 40 lakhs, and this claim was settled for Rs. 30,000 in the case of the auditors and for a sum of Rs. 15,000 or Rs. 20,000 in the case of the directors each except two directors.

Shri R. K. Chaudhuri: Who made these claims?

Shri Tulsidas: On a *prima facie* case, these were the claims put by the official liquidator on the auditors as well as the directors. Even in the case of the Exchange of Bank of India, the claims exceeded Re. 1 crore, but the claims against the directors were settled only for Rs. 20 lakhs or so. I would like to point out here what the Banking Liquidation Proceedings Committee say in their report, on page 66. One of the reasons they suggest is that the records may be missing, and that after the winding up order, the services of the staff may not be available. I do not understand why on account of these reasons, such large claims have been made out on a *prima facie* case. As they could not be settled at a high rate, they had to be settled at a low rate.

Under this clause 45H, when a *prima facie* case has been made out, the managing director or anybody else concerned, has to deposit some money. If large claims are made, but the settlement is for a very small sum, will it be possible to continue with this sort of a *prima facie* case at all?

There is one other point in this connection. Supposing claims are made on all the directors, not all of them can be made responsible for the acts of a particular director or for a particular act. But under this clause, claims can be made on all the directors. I would therefore suggest that this clause should be dropped altogether. Even under the Indian Companies Act, under Section 235, when a definite claim has been established the director or the officer concerned, may be made to pay the amount; but here, even when a *prima facie* case is made out, the person concerned has to deposit the money. I can give you instances to show how the liquidation proceedings have been taking place. This system of a deposit being made on a *prima facie* case being made out, cannot be continued for long.

I quite realise that this measure is for the quickening of the liquidation proceedings of the banking companies. But this clause seeks to create a very onerous position for the directors. You must realise that after all a banking institution is a credit institution. If you want to throw all these liabilities on the directors, I am afraid, it will not be possible for you to get good directors on the Board of Directors. If the directors are to be held responsible for the act of somebody else, and they have to deposit the money, on a *prima facie* case being made out, how do you expect good directors to come on the Board? Any banking institution or credit institution owes its prestige to its Board of Directors. So, if good directors do not come on the Board, the institution itself loses its prestige. I really feel that you are going ahead with this legislation in a rather hasty manner, and trying to throw heavy responsibilities on the directors, in regard to cases, where there is no necessity to do so.

I fail to understand why the Reserve Bank has not exercised the powers it has. It could have stopped advances exceeding a lakh of rupees, and it could have told any of these banks not to advance money to a particular party. If, in spite of the direction of the Reserve Bank, the directors go beyond that directive, certainly I can understand it. But here the Reserve Bank is not utilising its powers at all positively, for regulating banking business, and yet the responsibility is thrown on the directors No director would like to take such a responsibility as is envisaged in this clause. The position of the directors is made very onerous in the case of all banking concerns, simply because of the happenings in a particular part of the country. I am afraid this will create a lot of repercussions on banking institutions in the country. I therefore feel that this clause should be dropped.

Shri A. C. Guha: If you would permit me for a minute, I would like to say that the two cases the hon. Member has mentioned only strengthen the argument for making more stringent provisions. In these two cases, the claims were settled at a low rate, not because the claims were exaggerated, but because the legal provisions were inadequate. It was not possible to press the claims further, under the present legal provisions. That is why these two claims had to be settled at a somewhat low rate. It only strengthens my argument for making more stringent provisions in the law.

Mr. Chairman: I shall now proceed to the new Section 451.

Shri A. C. Guha: I beg to move:

In page 8, line 32, *for* "require in" *substitute* "reasonably require in connection with".

In page 8, lines, 34 and 35, *omit* "and if the director or other officer fails to do so, he shall be guilty of contempt of count".

Mr. Chairman: Amendment moved:

In page 8, line 32, *for* "require in" *substitute* "reasonably require in connection with".

In page 8, lines 34 and 35, *omit* "and if the director or other officer fails to do so, he shall be guilty of contempt of court".

Shri K. K. Basu: Will the hon. Deputy Minister explain why he is moving these amendments?

Mr. Chairman: Of all hon. Members of the House, the hon. Member Shri K. K. Basu understands best why these amendments are being moved. It is now nearing six o'clock.

Shri A. C. Guha: With your permission, may I speak for a minute, Sir? We feel that there is a certain amount of misgiving in the banking circle, and we do not like to scare away the good directors from the banking organisations. We have therefore made the provision somewhat softer, but I think it will be as effective as before, for our purpose.

Shri K. K. Basu: On a point of clarification, Sir? The first amendment moved by the hon. Deputy Minister restricts to some extent the right of the court to ask for the help of the directors or the promoters of the banking company which is in liquidation. But why does the hon. Minister want to move his amendment seeking to omit the words 'and if the director or other officer fails to do so, he shall be guilty of contempt of court', in page 8, lines 34 and 35. In case the directors or promoters fail to co-operate with the court, what is the penal provision to deal with them? I can understand that there may be genuine cases, where the directors or other officers may not be in a position to come to the help of the official liquidator. But when, as proposed, by the hon. Minister in his first amendment, the court requires reasonably the help of the directors or other officers, and the directors or other officers fail to cooperate with the court, what is to be

[Shri K. K. Basu]

done? The term 'reasonably require' means that the requirement should be justiciable in a court of law. If it is unreasonable, the director or officer concerned may come to the court and say, this is unreasonable, and so I am not going to comply with the request. But if it is reasonable, and the director or other officer concerned, fails to co-operate with the official liquidator, and if this provision that he shall be held guilty of contempt of court is deleted, what will be the remedy to proceed against such persons?

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Shri A. C. Guha: In such cases, the director or the official shall be dealt with as in other cases. It will be the inherent right of the High Court to take necessary action against such directors.

Shri K. K. Basu: How can it be?

Shri R. K. Chaudhuri: Under what law? *(Interruption)*

Shri K. K. Basu: If he is subordinate to the High Court, then the High Court might take action. But if he is not an official of the court, I do not know how action can be taken.

Shri A. C. Guha: He will be attached to the High Court. He will be an official of the court.

Shri R. K. Chaudhuri: Under section 188, disobedience of law to be..

Mr. Chairman: I will put it to the vote of the House.

The question is:

In page 8, line 32, *for* "require in" *substitute* "reasonably require in connection with".

The motion was adopted.

Mr. Chairman: The question is:

In page 8, lines, 34 and 35, *omit* "and if the director or other officer fails to do so, he shall be guilty of contempt of court".

The motion was adopted.

Mr. Chairman: I proceed now to 45J.

Shri R. K. Chaudhuri: I wish to say something about it. I want to oppose it.

Shri Tek Chand: I wish to say something on it.

Mr. Chairman: First of all, let the amendments be moved.

Shri Tulsidas: Sir, I have my amendment No. 13.

Shri Mulchand Dube: Sir, I move amendment No. 31.

Shri Tulsidas: Sir, my amendment is very simple.

In page 8, line 32—

for "as he may require" *substitute* "as can be reasonably expected of him".

There is a certain mistake. This 'him' might be understood for liquidator............

Mr. Chairman: Which is this amendment? We have already finished 45I. We are on 45J now.

Shri Tulsidas: All right.

Mr. Chairman: Has he got any amendment to 45J?

Shri Tulsidas: Oh, yes. Amendment No. 72.

Shri Mulchand Dube: I beg to move:

In page 8, line 42, *add* at the end "or by its auditors"

Sir, 45J gives the High Court special powers for punishing offences committed by banking companies. But auditors are left out from the operation of this clause. I do not understand why this is so. It may be that the framers of the Bill thought that offences committed by auditors were not covered by the Banking Companies Act. My submission is that section 46 of the principal Act is wide enough to cover offences committed by auditors also. Section 46 (1) runs as follows:—

> (1) "Wherever in any return, balance-sheet or other document required by or under or for the purposes of any provision of this Act, wilfully makes a statement which is false in any material particular, knowing it to be false, or wilfully omits to make a material statement, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine".

Now, the auditor is a person who is required to submit a report under section 30 of the Act and that report, along with the accounts and balance sheet, forms part of the record and has to be submitted to the Reserve Bank. Therefore the auditor also is a person who is required to do something for the purpose of the company and if he makes a false statement wilfully, he could be brought under section 46 of the Act and, therefore, the provisions of section 45J could also be made applicable to him.

Shri Tulsidas: I beg to move:

(i) In page 8, *for* lines 36 to 42 *substitute*—

> "45J. *Special provisions for punishing offences in relation to banking companies being wound up.*—(1) All offences in relation to winding up alleged to have been committed by any person who has taken part in the promotion or formation of the banking company which is being wound up or by any director, manager or officer thereof which are punishable under this Act or under the Indian Companies Act, 1913 (VII of 1913), shall, notwithstanding anything to the contrary contained in that Act or the Code of Criminal Procedure, 1898 (Act V of 1898) or in any other law for the time being in force be taken cognizance of and tried by a Judge of the High Court other than the Judge for the time being dealing with the proceedings for the winding up of the banking company.";

(ii) in pages 8 and 9, *omit* lines 45 to 49 and 1 to 24 respectively, and

(iii) in page 9, line 25, *for* "(5)" *substitute* "(2)".

Sir, there is no reason why proceedings in regard to offences in relation to banking companies should be tried in a summary way. Section 45J is not based on the recommendations of the Committee. It is entirely new. There is no recommendation of the Committee of this nature. I do not see any reason why this sort of summary trial should be brought in. If the trial is to be in a summary way then the trial should be by a judge other than the judge dealing with the winding up proceedings of the company. The judge in charge of these proceedings should not have seen the reports of the liquidator and so he should not hear the case. That is my amendment. I have moved my entire amendment.

Mr. Chairman: Amendment moved:

(i) In page 8, *for* lines 36 to 42 *substitute*—

> "45J. *Special provisions for punishing offences in relation to banking companies being wound up.*—(1) All offences in relation to winding up alleged to have been committed by any person who has taken part in the promotion or formation of the banking company which is being wound up or by any director, manager or officer thereof which are punishable under this Act or under the Indian Companies Act, 1913 (VII of 1913), shall, notwithstanding anything to the contrary contained in that Act or the Code of Criminal Procedure, 1898 (Act V of 1898) or in any other law for the time being in force be taken cognizance of

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and tried by a Judge of the High Court other than the Judge for the time being dealing with the proceedings for the winding up of the banking company.";

(ii) in pages 8 and 9, *omit* lines 45 to 49 and 1 to 24 respectively; and

(iii) in page 9, line 25, *for* "(5)" *substitute* "(2)".

I do not know what modification the hon. Member wants.

Shri Tulsidas: I have put in an entirely new sub-clause.

Shri R. K. Chaudhuri *rose*—

Mr. Chairman: I will call upon the hon. Member when we have finished with the amendments. Shri Guha, does he propose to move his amendment, No. 3?

Shri A. C. Guha: Yes, Sir. I beg to move:

In page 9, line 48, *after* "may" *insert* "also".

Mr. Chairman: The question is:

In page 9, line 48, *after* "may" *insert* "also".

Shri R. K. Chaudhuri: Sir, I rise to oppose this clause altogether. I submit, Sir, that the object with which this Bill has been introduced in this House will not be hampered in the least by a total omission of this clause. On the other hand, it will revolutionize the whole idea of criminal jurisprudence and the idea of justice if this is allowed to be retained in this Bill.

As regards the first paragraph of this clause, you are going to rake up a dead case for an offence or a fancied offence which might have been committed 20 years ago when the company was formed. After 20 years when the company is wound up you are going to rake up the case and going to try him in a summary way. That is against all considerations of justice. Then, Sir,.......

Shri A. C. Guha: May I point out one thing, Sir? Amendment No. 3 is in relation to section 45K and not 45J which is now under discussion.

Mr. Chairman: We are now on 45J. This is with reference to 45K, in page 9, line 41. So, this will not be taken to have been moved at this stage.

Shri R. K. Chaudhuri: Then Sir, we come to sub-section (3). It is against all canons of justice. It is said, the Court need not summon any witness, if it is satisfied that the evidence of such witness will not be material. The whole question for the court to decide is whether a particular piece of evidence if given by any witness will be relevant or not to the proceeding. There is no provision of law anywhere where the word 'material' has been used instead of 'relevant'. Sir, I know in the Criminal Procedure Code there is a provision that if a witness is summoned for mere frivolous or vexatious reasons, then the court may refuse to summon that witness. There is no provision anywhere whereby you can refuse to summon a witness because in your opinion, than is in the opinion of the trying judge the witness may not be material. We have got to look at this clause on this background. Here the High Court is a complainant in any event. The High Court takes cognizance of the case; the High Court decides whether a particular case is to be tried in a summary way or in a regular way; the High Court, over and above that, is given the power to refuse to summon any witness, because the High Court, which is trying the case, thinks that the evidence of that witness may not be material. What is more? The High Court will decide whether a particular case will be appealable. The law of the country will make no such decision; the law of the country has no voice, but the High Court will decide whether a particular case should he tried in a summary way or not, whether the witness should be summoned or not. Supposing the case is taken cognizance of and tried by a Judge of the High Court, who has himself investigated into the whole case and come to a particular conclusion, then if the party wishes to have that case transferred to another Court—ordinarily under section 526 of the Cr. P. C., whenever you notify to the Court your desire to move for a transfer of your case from one court to another, the case is automatically adjourned till the transfer petition is disposed of—the Court is competent to refuse to adjourn the case. Is it doing justice? Here you are bringing up old cases, hunting out old cases and you are trying them in a summary way. Already one is facing a great danger in a summary trial and when he wants to have his case transferred to another court,—that court will proceed with the case and deliver its judgment and the man may be committed. Look at this clause from the background which I have placed before you. On the other hand, do you think by omitting this clause, the object of the Bill will be hampered in any way. Therefore, I submit that for the sake of justice we should not have this clause altogether.

Shri Tek Chand: Mr. Chairman, the provisions contained in Clause 45J being pivotal deserve to be recast and remodelled. You will find that early in this provision, the High Court has been conferred the power to try, in a summary way, any offence alleged to have been committed with regard to a banking company, but later on the proviso takes away the power that it has conferred by saying—

> "Provided that offence is one punishable under this Act or under the Indian Companies Act......."

The difficulty is this. An offence can be committed under other laws—there may be cases of embezzlement, misappropriation or of forgery. Serious offences can be committed by these persons under the Indian Penal Code. Therefore, it is desirable that plenary powers should be given to the High Court wherever offences are committed, whether under this particular Act or under the Indian Companies Act or under the Indian Penal Code, relating to a banking company or its winding up.

Secondly, my contention is that the provision is rather ineffectual almost in entirety. The High Court can exercise power or take action against a Director, against a manager or against an officer, but not against a debtor, who really has in connivance with the bank's manager or director, deprived the bank of its large funds. The ill-gotten gains of that debtor, which are responsible for the downfall of the bank, remain untouched, and there can be no action against that debtor. Nothing can be done by the High Court in the exercise of its summary powers against that debtor. The man who is really responsible for relieving the bank of its money and for causing very serious hardships to the shareholders and to the depositors —that man remains untouched. My submission, therefore, is that the summary power that is conferred upon the High Court should bring within its ambit persons who are directly responsible for creating the difficulty; whether they happen to be outsiders or the employees or the directors of that bank or auditors, etc.

Lastly, Sir, the fears that have been expressed by Shri R. K. Chaudhuri, to my humble way of thinking, are a little illusory, because the High Court is not compelled to decide in a summary manner. There is that provision: "The High Court may, if it thinks fit". In cases which require recording of evidence, in cases of intricacy—in those cases, it is open for the party to convince the High Court that it is not a fit case to be decided summarily. Otherwise, so far as criminal jurisprudence is concerned......

Shri R. K. Chaudhuri: Wherever small banks come under section 260 of the Criminal Procedure Code, the list of the offences is already there. Here, the law lays it down what ac-

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cused are to be tried summarily. Whereas, under section 404 of the Criminal Procedure Code, appeals will lie. Why should you leave it to the court? The legislators here should lay down the provision.

Shri Tek Chand: My hon. friend seems to lose sight of the provisions which lay down that "The High Court may, if it thinks fit." Not, "shall, in any event." Therefore, though the High Court has the power—whether it should exercise that power or not—it has a discretion, and it is not an arbitrary discretion. It is a judicial discretion, and before that power is exercised one way or the other, it will be open to the parties to persuade or dissuade the High Court for or against the exercise of that discretion. Therefore, my view is that section 45J should be recast so as to bring within its compass. such persons as are likely to cause serious loss to the bank and to commit offences other than those committed under these two Acts. It may be possible that to a certain extent it raises the difficulty created by the earlier clause, but on a careful scrutiny, you will find that it is different altogether, because it says that "when trying any such offences as aforesaid, the High Court may also try any other offence not referred to under sub-section (1) which is an offence with which the accused may, under the Criminal Procedure Code, be charged at the same trial." That is a different matter altogether and, therefore, my suggestion to the hon. Deputy Minister is that he should examine this matter and make its scope wider than it is.

Shri U. M. Trivedi (Chittor): I shall not take a long time. What I wish to say is, here. we are returning to the old barbaric times. Formerly, in England, there was a law that if a man went bankrupt, he was to be hanged. We now want that if a banking company went bankrupt, every director must be hanged. It is something like that. We are calling ourselves very progressive, and we want that even if a man was indebted, he should not be put in jail unless it is proved that he has means to pay and does not pay before he is put in jail. And the insolvency law used to come to the rescue of the person who was not able to pay. Here, we are going to the barbaric days in this manner by providing that not only you will pay —pay without limitation—but you will go on paying, you will pay, your son will pay or your son's son will pay. According to the Hindu Law, the liability will continue. But apart from that, you say you go to jail, and go to jail in this way: you are going to be tried without being heard, without being heard in a judicial way. The wordings used are very strong. If you will read this clause 45J, you will find that the High Court will have power to refuse to hear. Here it is "The High Court need not summon any witness, if it is satisfied that the evidence of such witness will not be material." How are you going to satisfy the court about what evidence the man is going to give? Are you going to file an affidavit to tell the court what he is going to say? How are you going to move the court to decide that the evidence is material or not? Then again, they have the discretion not to summon any witnesses, if they are satisfied that the evidence of such witnesses will not be material. To decide in advance whether the evidence that would be tendered by a witness is relevant or not is one thing, but to provide beforehand whether it is material or not is a queer procedure. I do not know how this sub-clause has been drafted in this manner.

Then, my hon. friend Mr. Tekchand was suggesting that it is not that the High Court will try every case summarily. But you are giving power for summary trial. Even if a Judge agrees to try according to law, according to the ordinary procedure, in High Courts like Calcutta. Bombay and Madras, where jury trial is incumbent, is mandatory as provided for in the Letters Patent and in the Criminal Procedure Code, he cannot do it. Thus, you will set at naught the whole procedure of jury trial for a man because he had the misfortune of being at one time or other a director of a Banking Company. This indicates very clearly that your whole idea is to concentrate upon what you call summary trial and you will not even afford the unfortunate man a chance of proper trial.

I am not at all fond of using strong language, but I cannot help saying, as I said in the beginning of my speech this is entirely a barbaric procedure. As I said, yesterday, Sir, I do not want to oppose this measure, but this one provision alone strikes me as entirely vindictive and not based upon any principles of justice. I would therefore suggest to the hon. Deputy Minister to look into this provision carefully, and even now see his way of dropping the provision regarding summary trial, particularly this sub-clause; "need not summon any witness, if it is satisfied that the evidence of such witness will not be material;".

Shri A. C. Guha: May I interrupt the hon. Member for a minute? Members have become so eloquent about this provision. But may I draw their attention to the existing provision in the Indian Banking Companies Act which practically lays down everything that we have got in this new provision?

Dr. N. B. Khare (Gwalior): Two wrongs do not make a right!

Some Hon. Members: It is not wrong at all!

Shri A. C. Guha *rose—*

Mr. Chairman: May I point out to the hon. Deputy Minister that he will have his opportunity. Let the hon. member who is on his legs finish.

Shri Debeswar Sarmah: Sir, I would request you to give us an opportunity to have our say. This is a very salutary and necessary provision.

Mr. Chairman: I do not know what the hon. member means by requesting the Chair to give a chance to everybody to have his say. The debate has to be regulated.

Shri U. M. Trivedi: I am thankful to the hon. Minister for suggesting that all these provisions are to be found in Section 45C of the present Act.

Shri R. K. Chaudhuri: Then why do you want this provision? Omit it.

Shri A. C. Guha: If you will permit me I will read out the provision.

Mr. Chairman: Even if the provision is there, the hon. member is justified in raising his objection.

Shri U. M. Trivedi: The position is this. In the original Act the 'Court' was not the High Court; here it is defined as the High Court. You put it in the hands of such a powerful tribunal that the person has no further recourse left. In the case of trial by any ordinary court he can go to the High Court and get things set right.

Shri A. C. Guha: There also he has not understood it correctly. The very first line says that court means the High Court.

Shri U. M. Trivedi: That is what I am saying.

Shri A. C. Guha: According to the existing Act also.

Shri U. M. Trivedi: No, no. It says: "Court" means the Court having jurisdiction under the Indian Companies Act, 1913.

Shri A. C. Guha: It says:

> "Court defined.—In this Part and in Part III, 'Court' means the High Court. ......etc."

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): Perhaps the hon. Member is looking into something else.

Shri R. K. Chaudhuri: Perhaps the hon. Minister has not read the two things side by side.

Mr. Chairman: The hon. Member will proceed.

Shri U. M. Trivedi: Whatever it may be, if you have done it already, that also was wrong. If you want to perpetuate this wrong, I say it is wrong.

My only submission is this. You say under clause (3) (b) that the High Court shall not be bound to adjourn a trial for any purpose unless such adjournment is, in the opinion of the High Court, necessary in the interests of justice. You are trying a man. It is not only in the interests of justice but in the interests of the accused also that you may have to adjourn the case. Why should you put any bar or check upon the powers of adjournment which ordinarily every court possesses?

Under section 46 of the Banking Companies Act the penalty provided for may extend to three years. Ordinarily all offences which are punishable with three years' imprisonment are what we call cognizable offences and there must be a regular trial. Even in respect of offences under the Defence of India Rules or under our Essential Supplies (Temporary Powers) Act a man can have a regular trial. A black-marketer can have a regular trial; a social offender can have a regular trial. But here a man who has done merely a sort of civil offence of a quasi-criminal nature is sought to be denied the ordinary principles of justice.

I would therefore make an urgent request that even if this whole thing has been going on for a number of years, they will have to look into it and see if they can remedy such state of things.

Shri Debeswar Sarmah: May I say a word on this?

Mr. Chairman: It is 6-30.

Shri Debeswar Sarmah: In one minute I want to say that this provision does not go far enough. In spite of the provision being there under the Banking Companies Act there are swindlers. It is extremely difficult to get round swindlers, particularly those we come across in Calcutta. My hon. friend says that we are receding to barbaric times. How are we to deal with modern swindlers? These provisions do not go far enough and I have a grouse against them, on this account. The embezzlers in collusion with the officers embezzle and swindle money. Our Provincial Congress Committee had a deposit of Rs. 49,000 in a bank in Calcutta. The bank went into liquidation: When we go and ask for money or take steps to get a portion, say Rs. 200 or 400, they refuse to pay us anything because they can approach the Calcutta High Court and it is a great distance from Assam. I say, Sir, that this provision does not go far enough. I am surprised to find that my hon. friend Shri R. K. Chaudhuri is saying something knowing full well that the backbone of the poor middle classes in his constituency has been broken and the swindlers have lifted about Rs. 12 crores.

Shri R. K. Chaudhuri: You remind me of the days of Rowlat.

Dr. N. B. Khare: It is already half past six.

Shri A. C. Guha: I have already stated that this is practically word for word reproduced.

Shri R. K. Chaudhuri: Then, why do you want it?

Shri A. C. Guha: The whole para in the Banking Companies Act has been reproduced, as the Part IIIA has been recast. I do not think any havoc has been created. I hope the House will not object to it.

Mr. Chairman: I shall put the two amendments to the House.

The question is:

In page 8, line 42, *add* at the end "or by its auditors".

The motion was negatived.

Mr. Chairman: The question is:

(i) In page 8, *for* lines 36 to 42 *substitute*—

"45J. *Special Provisions for punishing offences in relation to banking companies being wound up.* (1) All offences in relation to winding up alleged to have been committed by any person who has taken part in the promotion or formation of the banking company which is being wound up or by any director, manager or officer thereof which are punishable under this Act or under the Indian Companies Act, 1913 (VII of 1913), shall, notwithstanding anything to the contrary contained in that Act or the Code of Criminal Procedure, 1898 (Act V of 1898) or in any other law for the time being in force be taken cognizance of and tried by a Judge of the High Court other than the Judge for the time being dealing with the proceedings for the winding up of the banking company.";

(ii) in pages 8 and 9, *omit* lines 45 to 49 and 1 to 24 respectively; and

(iii) in page 0, line 25, *for* "(5)" *substitute* "(2)".

The motion was negatived.

Mr. Chairman: I shall put the clause when the other amendments are put. The House has to be adjourned. I have no objection to continue if the House wishes to continue. I for one would have liked all the clauses to be put through.

Some Hon. Members: No, no. Impossible.

Mr. Chairman: I have to make an announcement. After this Bill is over, the Bill relating to Ancient and Historical Monuments will be taken up.

Shri D. C. Sharma: After that?

Mr. Chairman: Tomorrow, the other Bill relating to Acient and Historical Monuments will be taken up.

Shri K. K. Basu: That would come first?

Mr. Chairman: No. We shall go on with this Bill and after it is finished, we shall take up the other Bill. The House will now stand adjourned till 1-30 tomorrow.

The House then adjourned till Half Past One of the Clock on Thursday the 3rd December, 1953.

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